

Israel Seems Less Isolated From Arab Neighbors Than Before

By Terence Smith
New York Times Service

JERUSALEM — Israel no longer seems as isolated and cut off from Arab neighbors today as it once did. A correspondent who covered both the 1967 and 1973 wars notices on returning to the area that many of the barriers of 16 years ago are gone. The sniper walls, barbed wire and concrete outposts that split Jerusalem before the 1967 war; the military and political barriers that divided Egypt and Israel before the 1979 peace treaty; the practical barriers that separated Israel and Lebanon before the 1982 Israeli invasion of that country. All these barriers have fallen, even if others remain in place.

Today, on one basis or another, Israel deals with its Arab neighbors all the time.

Israelis can pick up the phone and call Cairo as they do Haifa. The more affluent Israelis can book a seat on one of the daily flights to the Egyptian capital; others can use the daily bus service between Tel Aviv and Cairo. Egyptian hotels are full of Israeli tourists; Israeli hotels are full of Lebanese. Israeli television, easily received in Jordan and southern Lebanon, broadcasts the news in Arabic. Jordanian television, easily and eagerly received in Israel because of its imported British and American programs, broadcasts the news in Hebrew.

About 3,500 Israeli Arabs made the hajj, the annual pilgrimage to Mecca, this year and were, by all accounts, received politely by the Saudi Arabians. About 18,000 members of Israel's Labor Party are Arabs. In the most recent municipal election in Jerusalem, Mayor Teddy Kollek was returned to office for a fifth term, in part as a result of the votes of the Arabs of East Jerusalem.

None of this is meant to suggest that peaceful coexistence has come to the Middle East. Only one country, Egypt, has formally recognized Israel, al-

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though Lebanon and Israel reached an agreement that provides for the Israeli liaison office that operates in Beirut.

War, especially with Syria, remains a possibility; the region is still turbulent, but, in the words of Chaim Herzog, Israel's president, "we've passed a watershed in terms of Arab-Israeli communication."

"The world doesn't realize the degree of cooperation that goes on today between Israel and her Arab neighbors," the president said in an interview. "Seventeen percent of the country I'm president of is Arab. This has real meaning and application to the current situation in Lebanon. Israeli Druze are crucial to our

relations with the Druze factions in Lebanon. We're also dealing with the Shiites and Christians in southern Lebanon.

"The traditional picture of complete confrontation between Israel and the Arabs—the absolute refusal of Arabs to deal with Israel—is out of date."

One of the best ways to tour Jerusalem, as was the case 16 years ago, is in a car with the energetic Mayor Kollek as guide. Sixteen years ago, Mr. Kollek was a first-term mayor and the tour was confined to the western half of the city, which was then split by the cease-fire line between Israel and Jordan. Streets that crossed the line were blocked by concrete anti-sniper walls. Arab Legion and Israeli soldiers stared at each other across a rocky no-man's-land, studded with barbed wire and mines.

The walls have been gone since June 1967, after Israel captured the eastern half of the city in the war, and now the no-man's-land has been cleared of mines and converted into a greenbelt of parks and gardens that encircle the walled Old City. A museum is housed in David's Citadel, the tower that served as an Arab Legion gun position. Sultan's Pool, the old, waterless Roman reservoir that once marked the heart of no-man's-land, is used for summer concerts.

Jerusalem 16 years ago was a small town, with about 55,000 Moslems and 125,000 Jews living in separate sectors. Now, it is the largest city in Israel, with

110,000 Moslems and 300,000 Jews, in addition to about 15,000 Christians.

"So you see, the Arab population has doubled under this 'murderous Zionist administration,'" says Mayor Kollek, echoing a phrase that is sometimes used by Arabs to describe the Israeli government.

In fact, given the Arabs' high birthrate, the population would be significantly greater today had many Arab residents of East Jerusalem not chosen to emigrate across the river to Jordan.

The great population explosion has been among the Jews, who have flooded into apartments in the vast new housing projects that now ring the former Jordanian parts of the city like a circle of fortresses. These dense satellite cities house in excess of 30,000 people. More than anything else, they starkly dramatize Israel's announced intention to retain all of Jerusalem.

The intercommunal tension in Jerusalem 16 years ago was Arab vs. Jew. Today it is Jew vs. Jew, with the most dramatic struggles occurring between the secular and Orthodox Jewish residents over the observance of the Sabbath. The days of Arab-Jewish riots along Salah e-Din Street are gone.

"There's a certain resignation among both the Arabs and Jews of Jerusalem that the political solution is out of their hands," Mayor Kollek said. "In the meantime, they seem to have decided to live together in peace until a solution comes along."

WORLD BRIEFS

Former EPA Aide Convicted of Perjury

WASHINGTON (UPI)—A federal jury convicted Rita M. Lavelle, a former official of the Environmental Protection Agency, of perjury Thursday for lying to Congress and obstructing an investigation into her handling of the \$1.6-billion toxic waste cleanup program.

The four perjury charges on which she was convicted stem from her testimony to Congress and a sworn written statement, Aarjet-General Corp. of California, was involved in a toxic waste enforcement case, the Stringfellow Acid Pits near Glen Avon, California. She could be sentenced to up to 20 years in prison and \$19,000 in fines for the conviction.

The jury found Mrs. Lavelle, 35, not guilty on one count, which accused her of lying to Congress about using the program to help Republican politicians.

UN Calls for an Independent Namibia

UNITED NATIONS, New York (AP)—The United Nations General Assembly called for South-West Africa's independence from South Africa on Thursday and criticized the United States, Britain, France, West Germany, the Netherlands, the European Parliament and the International Monetary Fund for dealings concerning that territory.

The assembly also urged the UN Security Council to tighten a six-year arms embargo against South Africa and impose "comprehensive mandatory sanctions" against it. A resolution making all those points passed the assembly by a vote of 117-0 with 28 abstentions, compared with 120-0 with 23 abstentions for a similar proposal concerning the territory, also called Namibia, in the 1982 assembly.

Committee Votes Against Lambsdorff

BONN (NYT)—A West German legislative committee voted Thursday to recommend that the Bundestag lift the parliamentary immunity of Otto Lambsdorff, the economics minister, so that he can be indicted for taking bribes from the Flick holding company.

The full Bundestag is expected to vote Friday to lift immunity. A spokesman for the Bonn prosecutor, Johannes Wilhelm, said Mr. Lambsdorff would be charged as soon as possible after that.

Mr. Lambsdorff, who has been economics minister since 1977, is alleged to have accepted bribes totaling \$50,000 in exchange for lenient tax treatment of the Flick concern. He has denied any wrongdoing.

Supreme Soviet Will Meet on Dec. 23

MOSCOW (AP)—The Supreme Soviet, or parliament, will meet Dec. 23, Tass said Thursday. But it did not say whether President Yuri V. Andropov, out of public view for more than three months, would appear at the meeting.

Mr. Andropov, 69, whose health has been in question since last spring, has not been seen in public since Aug. 18. He normally would be expected to preside at a meeting of the Supreme Soviet. The announcement by Tass made no reference to Mr. Andropov or any other leader by name.

A session of the Supreme Soviet is usually preceded by a plenum of the 322-member Central Committee of the Communist Party, which makes the major decisions in the Soviet Union. As head of the party, Mr. Andropov would be expected to preside at this meeting as well.

Danish Assembly Opposes Deployment

COPENHAGEN (Reuters)—Denmark's minority government received a sharp setback Thursday when the parliament ordered it to oppose NATO plans to deploy nuclear missiles in Western Europe. Prime Minister Poul Schluter said his four-party coalition respected the Folketing's decision and would not resign, even though it opposed the move.

The Folketing voted 87 to 75 for a resolution ordering the coalition to distance itself from the missile deployment at meetings of the North Atlantic Treaty Organization, and to express this in NATO communications. It also ordered the government to work for a resumption of U.S.-Soviet talks on medium-range missiles in Europe and to seek a cut in the number of Soviet SS-20 missiles.

Thatcher Warns Unions on Picketing

LONDON (AP)—After two nights of illegal and sometimes violent mass picketing, Prime Minister Margaret Thatcher warned a British print union Thursday to stop violating her government's employment laws or face the legal consequences.

It was her first public comment on the angry scenes outside the Messenger Group newspaper plant in Warrington, in northwest England, where the National Graphical Association print union has been protesting the use of nonunion labor.

The dispute has emerged as the sternest test of Mrs. Thatcher's 1980 and 1982 Employment Acts defining union activity. "This dispute is about an attempt to impose a closed shop on employees who do not want it by a process of intimidation by a union and further prevent that company from producing a newspaper by unlawful picketing," she said.

For the Record

Representative Clement J. Zablocki, 71, a Democrat of Wisconsin, who is the chairman of the House Foreign Affairs Committee, remained unconscious and in critical condition in Washington Thursday after a heart attack. (AP)

Turkey's largest daily newspaper, Hürriyet, was closed Thursday by military authorities for an indefinite period, a newspaper spokesman said. He said a formal explanation for the order was expected later. (AP)

President Ronald Reagan has signed into law an \$8.4-billion increase in U.S. backing for the International Monetary Fund. (UPI)

Viktor Korchin and Gary Kasparov drew the fifth game of their chess championship elimination match after 21 moves. Mr. Korchin now leads in the 12-game series 3 to 2. (Reuters)

Correction

The last paragraph of an article from The New York Times in Thursday's International Herald Tribune about the French Army's creation of a Rapid Action Force incorrectly described its position regarding cooperation with France's allies. The paragraph should have read:

General Caillaud acknowledged that involvement of the force could only take place with the allies, but argued that cooperative procedures on "the appropriate technical level" could be developed without engaging the French government in automatic commitments.

Spacelab Finds First Clue To Little-Known Gas Zone

(Continued from Page 1)

From the absorption "signatures" scientists can identify the constituents of the atmosphere by altitude.

■ **Satellite Retrieval**

On the shuttle's mission in April, an astronaut, powered by a backpack, will fly away from the shuttle without a tether to retrieve a disabled satellite. The Washington Post reported from Houston. The mission was described at a news conference Wednesday.

The shuttle will maneuver to within about 300 feet (about 90 meters) of the Solar Maximum Observatory, which was launched in 1980 to study solar flares. It failed 10 months later. An astronaut will try to retrieve the satellite, and crew members will attempt to repair it. If they succeed, the satellite will be launched into space again. Otherwise, it will be brought back to Earth.

■ **Extension Considered**

Columbia and Spacelab are working so well that officials are considering extending the space shuttle's nine-day mission by one day. The Associated Press reported from Houston. The extra day would mean the craft would return to Earth on Dec. 8 at Edwards Air Force Base, California.

Harry Craft, NASA's Spacelab mission manager, said an extra day would enable the crew to collect additional results from medical, atmospheric, astronomical and materials processing tests.

Syria's Assad Is Said to Be Gravely Ill Despite His Publicized Appearances

By Joseph Fitchett
International Herald Tribune

PARIS — Widespread speculation that President Hafez al-Assad of Syria is seriously ill has continued despite a broadcast on government-controlled television showing him inaugurating a bridge in Damascus.

Mr. Assad, who has ruled Syria with a firm hand since seizing power in 1971, is considered the most formidable Arab opponent to U.S. diplomatic initiatives in the Middle East.

Two weeks ago he was hospitalized for what an official statement said was appendicitis. But Western and Arab diplomats report persistent, apparently well-informed rumors that Mr. Assad has a much

3 Are Sought by Interpol In Heineken Kidnapping

United Press International

AMSTERDAM — International police bunted Thursday for three suspects in the kidnapping of Alfred Heineken, the Dutch brewing executive, and his driver, who were rescued Wednesday in a raid on a warehouse in Amsterdam.

Police arrested a suspect identified as Robbie Grihorst, at Amsterdam's airport as he arrived on a flight from Madrid via London, raising to 25 the number of people arrested in connection with the kidnapping.

more serious condition, perhaps heart trouble.

A report that he was wounded by dissident Syrian troops will appear in this week's issue of *Afrique-Asie*, a Paris-based magazine that is hostile to the Syrian regime.

Despite reassuring official bulletins about Mr. Assad's convalescence, he has not been seen in public since Nov. 13. Nor has Mr. Assad received any of the high-ranking Arab visitors to Damascus, including Saudi Arabia's foreign minister, Prince Saud al-Faisal.

Initially, Mr. Assad's inaccessibility was thought to be a "diplomatic illness" intended to slow down negotiations to end the latest Palestinian fighting in Tripoli, Lebanon. At the time, Syrian-backed Palestinian guerrilla factions appeared to be on the point of defeating forces loyal to Yasser Arafat, chairman of the Palestine Liberation Organization.

In recent days, however, apparently in response to rumors about Mr. Assad's condition, Syrian media have reported him discharging minor official duties such as the filmed bridge inauguration on Wednesday. However, no independent witnesses have seen him.

Even the television footage, according to government-censored reports from Damascus, showed Mr. Assad looking shaky and weak.

In recent months, Mr. Assad has crushed once-strong religious and political dissidence in Syria and headed a coalition of radical Arabs

that has effectively blocked President Ronald Reagan's peace plans for Lebanon and for negotiations between Israel and a team representing Jordan and the PLO.

A succession struggle in Syria might plunge the country into political instability, several diplomats said. Most thought it likely that a new leader would emerge from the present government, which is dominated by Alawite Moslems, a minority faction in Syria.

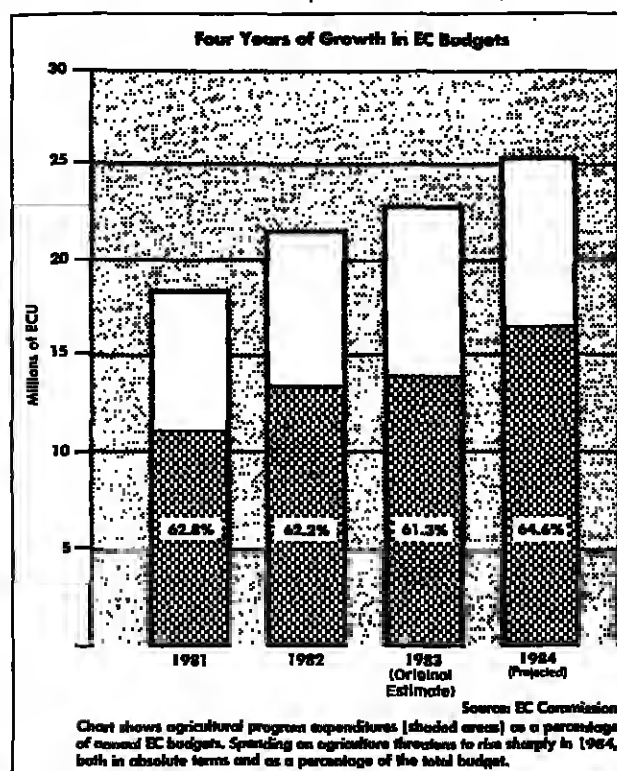
But a weakened Syrian leadership, they said, would probably be less effective in opposing Western-backed moves to get Syrian and Israeli troops out of Lebanon.

U.S. Considers Summit Of NATO Next Spring

Reuters

BRUSSELS — The United States is considering inviting NATO heads of state and government for a summit in Washington next spring to mark the alliance's 35th anniversary, U.S. officials here said Thursday. The anniversary is April 4.

Leaders of the 16-nation North Atlantic Treaty Organization last met in June 1982 in Bonn. The U.S. secretary of state, George P. Shultz, is awaiting a decision from the White House before discussing in Brussels next week the site of next spring's NATO foreign ministers' meeting, the officials said.



EC Spending Control Heads Summit Agenda

(Continued from Page 1)

industry research and development," a French official said.

Spending on EC industry research programs this year, notably in the field of energy, will account for about 1.2 billion ECU, equal to about 5.2 percent of the community budget, and it is projected to increase only slightly in 1984.

French and other European and EC officials also said that they expected the summit meeting to reach some kind of agreement on limiting the annual output of dairy products, the largest single item in farm spending. "We want to slow down the milk factories," a senior French

official said, referring to large, highly efficient dairy farms throughout the EC, which draw substantial subsidies from the support programs.

The EC Commission recently proposed that the community's annual dairy production, which is expected to reach 104 million tons next year, should be limited to a so-called threshold level of 97.2 million tons. Anything beyond that level would be taxed under the EC scheme. But Greece, Italy and Ireland strongly oppose the proposal on the ground that dairy support programs are essential for their domestic economies.

Arens Asks Pressure on Syria

(Continued from Page 1)

would have a "negative effect" on U.S. credibility in the Arab world.

In remarks to Western reporters, Hussein said he viewed the outcome of President Reagan's talks in Washington this week with Mr. Shamir as a "reward" to Israel despite Israel's rejection of Mr. Reagan's peace initiative last year, its defiance of his call for a freeze on Jewish settlement in the occupied West Bank and its continued occupation of southern Lebanon.

"It affects adversely the credibility of the United States in terms of what we had always hoped would be its ability to influence things, events in this area in a positive manner, and to be fair in its treatment of all," he said.

Hussein said he was still willing to meet with the Palestine Liberation Organization chairman, Yasser Arafat, to explore for a second time the possibility of entering peace talks on the basis of the Reagan initiative.

This official said that, beyond an outline of the military and technological questions, Mr. Reagan heard from government experts on such questions as diplomatic implications, disarmament issues and the possibility of the Soviet Union's pursuing a similar course of research.

The search for a truly defensive method of dealing with strategic missiles is not new and the current budget includes \$1.8 billion for financing projects that deal with some of the complex research and technical challenges involved.

There are competing notions of how a missile-defense system might be devised. Although parts of it might be based in space and might use directed energy, such as lasers or particle beams, officials said the Pentagon study panel did not confine itself to space-based methods in its report to the White House.

The spectrometer is observing the absorption of solar radiation by the atmosphere at different altitudes from 9 miles to 93 miles up.

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محلات الأصيل



FATAL CRASH — Six passengers were killed when this Continental Trailways bus collided with a truck and plunged off a bridge near Livingston, in eastern Texas.

Reagan, Ending Dispute, Approves Independent Agency for Civil Rights

By Robert Pear

WASHINGTON — President Ronald Reagan has signed a bill reconstituting the U.S. Commission on Civil Rights as an independent agency, but he said the Justice Department had expressed "reservations" about the bill.

Mr. Reagan's action Wednesday ended a long, bitter political struggle over the commission, which has repeatedly criticized the civil rights policies of his administration.

"In signing the bill, Mr. Reagan said, 'I believe that the birth of this commission can serve as another milestone in our long struggle as a nation to assure that individuals are judged on the basis of their abilities, irrespective of race, sex, color, national origin or handicap.'

Mr. Reagan reaffirmed his commitment to those ideals. But he indirectly criticized the recent work of the civil rights agency, saying, 'All seem to agree that the commission's best and most productive years were its earlier ones.'

The old six-member commission, appointed entirely by the president, went out of business Tuesday night after 26 years in

existence. The new commission will have four members appointed by the president and four appointed by Congress.

The Justice Department's reservations included a concern that the congressional appointments would erode the president's authority and undermine the constitutional principle of separation of powers.

The Justice Department also expressed concern about a provision of the bill that says the president may remove a member of the new commission "only for neglect of duty or malfeasance in office."

A senior White House official said Mr. Reagan hoped the new commission would become "a real forum for debate over first principles related to the question, 'What is civil rights?'"

Mr. Reagan said that the early years of the commission were "characterized by open debate and a devotion to the principle of equal treatment under the law." Administration officials contend that liberal members of the commission have precluded such debate on affirmative action and busing in recent years. They assert that federal judges have departed from the

principle of equal treatment by approving affirmative action plans that discriminate against white men in favor of blacks, women and Hispanic Americans.

Mr. Reagan appointed Clarence M. Pendleton Jr. to be a member of the new commission and designated him chairman. Mr. Pendleton, a Republican, was chairman of the old commission and was Mr. Reagan's most consistent supporter at the agency. Mr. Reagan also reappointed Linda Chavez as staff director of the commission.

Under the new law, the designation of a chairman and a staff director requires "the concurrence of a majority of the commission's members." The names of the other commissioners are not known. But if the president and Congress appoint members as expected under the terms of an informal agreement, it is unlikely that a majority of the eight commissioners would accept Mr. Pendleton as chairman.

The new commission, like the old one, will be an advisory body. It can investigate various forms of discrimination and can issue subpoenas, but has no enforcement powers.

Conflict Over Palsy Victim's Right to Die

Rights Group and Disabled People Intervene in California Woman's Case

By Ann Japenga

LOS ANGELES — Although she has never met Elizabeth Bouvia, Barbara Waxman pictures her as someone sitting alone on the ledge of a tall building while a crowd below screams for her to jump.

Mrs. Bouvia, who has cerebral palsy, is fighting to be allowed to die in a hospital in Riverside, 50 miles (80 kilometers) east of Los Angeles. If Mrs. Bouvia does indeed starve herself, with the approval of a court, Miss Waxman fears that some day other disabled people will be testing on a ledge.

Miss Waxman, 28, believes there are "genocidal overtones" to the idea that for someone physically different, life may not be worth living. Miss Waxman, herself disabled, works as a family planning and disability consultant.

Her concern about Mrs. Bouvia's case is shared by other disabled persons in Southern California.

Weldon Sutton, a 29-year-old man with cerebral palsy, recently spent eight days camped in the lobby of Riverside General Hospital, hoping without success to be allowed to see Mrs. Bouvia.

He and his group of advocates for the disabled are seeking court permission to intervene in Mrs. Bouvia's case with the objective of persuading her to live.

Opinions among disabled people vary, but the one thing no one is suggesting is that Mrs. Bouvia should simply be left to die, Mr. Sutton said. "The only people who can afford to feel that way are the able-bodied," he said.

The American Civil Liberties Union, which is providing Mrs. Bouvia's attorney, says that its concern is to protect her "constitutional rights of privacy and self-determination in health care."

Mrs. Bouvia, 26, gets around in an electric wheelchair that she operates herself. She lived on her own for eight years and earned a bachelor's degree at San Diego City College with the assistance of attendants who helped to clothe and feed her.

Other facts of Mrs. Bouvia's past and present situation are difficult to come by. The hospital is unable to comment on her case.

The official source of information about Mrs. Bouvia is Richard Scott, her attorney. He seems to have only a sketchy knowledge of her history.

Mrs. Bouvia's father, Ren Castner, said his daughter had once been employed as a social worker somewhere in San Diego County.

Mrs. Bouvia started work on a master's degree in 1982 when she began corresponding with a man named Richard Bouvia, who was in prison serving time for robbery. They were married after Mr. Bouvia was released, but the marriage broke up in less than a month.

Elizabeth Bouvia then went to see her father, who lives in Bandon, Oregon, and told him of her plan to die.

"I did my best to argue her out of it," Mr. Castner, 63, said. "I don't approve of it, but I sure have to go along with it."

Mr. Castner, a retired investigator for the U.S. Immigration Service, drove his daughter to Southern California three months ago. While he waited in the car, she had herself admitted to the psychiatric ward of Riverside General Hospital.

Telling doctors that she was physically unable to kill herself, she requested that she not be fed, but be maintained on painkillers until the time of her death.

Mrs. Bouvia said that her reason for wanting to die was that functioning in the world as a disabled person was a constant struggle. "My disability is going to keep me from doing the living I want to do," she said.

When Mr. Sutton heard about Mrs. Bouvia's situation, he decided he had to speak to her.

During his eight-day vigil in the lobby of Riverside General Hospital, he sent letters to Mrs. Bouvia's room telling her about his own life, and the times he had been depressed. He asked to talk with her.

Most of the letters were never opened.

"Along about the seventh day, Elizabeth told one of the nurses to tell me to go home," Mr. Sutton said. "She said she was concerned about my health."

Since that time, Mr. Sutton and half a dozen able-bodied and disabled people, members of a loosely organized group called Advocates

for the Developmentally Disabled, have been holding candlelight vigils outside the hospital every Friday night.

The group has formally intervened in the case with the help of an attorney, Joseph Myers. A ruling is expected as early as Monday on Mr. Myers's request for a court order allowing a member of the group to talk with Mrs. Bouvia.

Mr. Scott, the ACLU attorney, opposed the attempt, calling it "a flagrant violation of a person's right to privacy and freedom of association."

He is also attempting to obtain a court order that will prevent Mrs. Bouvia from being forced. She is currently accepting a liquid diet, county officials said.

Mr. Myers said his clients are worried about the consequences for other disabled people if Mrs. Bouvia follows through with the suicide.

"Everyone with that sort of disability contemplates suicide at some time or another," he said. "They're afraid if Elizabeth does it, a lot of other disabled people will say: 'The hell with it. I'm going to give up the fight, too.'"

Mr. Scott said: "The whole thrust of this case is not whether or not Elizabeth has made the right decision. I would personally view her death as a tragedy. All we are securing in court is the right to make it her choice."

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Weinberger Is Said to Seek \$305 Billion

The Associated Press

WASHINGTON — Defense Secretary Caspar W. Weinberger is preparing a budget request of about \$305 billion for the Pentagon for the 1985 fiscal year, an increase of more than 21 percent over this year's level, congressional sources said Thursday.

These sources, who asked not to be identified by name, said Mr. Weinberger's proposal would increase the Pentagon's budget by nearly \$55 billion over the figure that Congress has approved for the current fiscal year.

A request that large would set off a major election-year struggle in Congress, which forced President Ronald Reagan to accept less military funding than he wanted for the current year.

Several congressional sources said Mr. Weinberger outlined his budget request at a breakfast meeting Wednesday attended by the Senate majority leader, Howard H. Baker Jr., of Tennessee, and four other key Senate Republicans.

It was not known whether Mr. Weinberger has forwarded his spending request to the White House, but an administration official said President Reagan had not yet scrutinized it or decided what to recommend to Congress.

"I do know it hasn't been thrashed out in front of the president yet," said the aide, who asked not to be identified by name.

Sources said Mr. Weinberger's request was for the Defense Department spending bill only, and did not include either military construction or nuclear-weapons spending. They said those two categories would total at least \$15 billion.

The \$305 billion figure compares with a 1984 fiscal year appropriations bill of \$249 billion, and supplemental legislation expected to be enacted next spring providing \$1.7 billion for military pay.

Vatican Restates Traditional Morality in First Guidelines for Sex Education

By Henry Kamm

ROME — The Vatican issued its first set of guidelines for sexual education Thursday. The document was viewed in church circles as a stern restatement of the Catholic Church's traditional attitudes.

The 36-page declaration, "Educational Guidance in Human Love," termed extramarital sexual relations "a grave disorder and masturbation" a "grave moral disorder." It emphasized throughout that marriage was designed for procreation but recognized also that it served the purpose of "the realization of the couple."

"Homosexuality was described as a disorder" and "social maladaptation." While priests were urged to treat homosexuals with understanding, they were warned not to "accord them a moral justification."

The document, which is likely to widen the gap between the stern orthodoxy represented by Pope John Paul II and Catholics favoring more liberal interpretations, was prepared by the Sacred Congregation for Catholic Education.

The guidelines said that sexual education should prepare future spouses to "have knowledge of the natural methods of regulating their fertility." It urged that the Catholic prohibition of artificial contraception be taught "at an appropriate age" to prepare the young "for responsible marriage." It stated the church's opposition to abortion by emphasizing that sexual education must include "respect for life in the womb."

While maintaining the church's traditional restrictions against all

practices that it deems impermissible, the guidelines made some concessions in prescribing attitudes that parents, educators and priests should adopt toward offenders.

Instead of the traditional punitive attitude and warnings that masturbation, for example, leads to insanity or physical illness, the document attributed the practice to immaturity and advised that its underlying cause be sought.

Teachers were instructed to help affected adolescents "to feel accepted in a communion of charity," to "undramatize" the practice and "not reduce his or her esteem and benevolence for the pupil."

Similarly, the section on homosexuality, while denouncing it morally and speaking of it in terms of a grave disorder, counseled a comprehending attitude and refrained from prescribing punishment.

The statement, which has been distributed to the bishops, strongly opposed "deviation" of sex "to genital experience alone." It said that sexual education is education in love and stressed the role of the family in its teaching.

French Socialists Demand More Communist Support

Reuters

PARIS — France's Socialist Party publicly demanded Thursday that its Communist allies fall in line behind President Francois Mitterrand and give his government wholehearted support.

The first secretary of the Socialist Party, Lionel Jospin, accused the Communist Party leader, Georges Marchais, of undermining the alliance and only paying lip service to the government's foreign and economic policies.

Mr. Jospin's outspoken complaints were delivered at the opening of a meeting to resolve differences between the leadership of the two leftist parties, which have been in government together since 1981.

"You must support to the hilt the policy of the government in which you are participating," Mr. Jospin told Mr. Marchais. "If you express doubts about our joint policy, about the lines laid down by the president of the republic, it weakens all of us and harms our credibility."

The text of his remarks was released by the Socialist Party.

When the Communists joined the government, they pledged, in return for ministerial posts, to show solidarity with Mr. Mitterrand's policies. Mr. Jospin said public statements by the Communists were lacking in clarity and in force of conviction.

Singling out apparent contradictions in recent remarks by Mr. Marchais, Mr. Jospin said he found them difficult to follow and believed voters would have the same problem.

Mr. Jospin made clear that the Socialists were particularly angered by Communist support for the Soviet demand that French nuclear forces be included in negotiations between Washington and Moscow on intermediate-range nuclear forces.

"We do not see by what logic the French Communist Party can propose this," he said. He said he was also puzzled by Communist statements on Poland and Afghanistan.

Mr. Marchais defended the Communist record of loyalty and said the party's public statements were unambiguous.

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'When-We' Nostalgia Grips Rhodesian Emigrés in South Africa

By Alan Cowell
New York Times Service

DURBAN, South Africa — In the catalog of white self-perceptions in Africa, there are, by way of social distinction, many categories.

There is, for instance, the "Kenya cowboy," a roughish, raffish figure set against a backdrop of sunlit safaris, pink gins and polo, and possibly dubious deals in an East African playground, whose roots might be traced to white settlers of the 1930s.

Then there is the "two-year wonder." The label is affixed by settlers of long standing to fellow whites of brief tenure in a continent of adoption — technicians or businessmen who come to Africa on a contract and amass a little wealth to warm their fortunes back home, usually in Western Europe. Britain in particular. The two-year wonder is a figure of some derision, without the faded glamour of the Kenya cowboy.

There are still others who come to Africa because of varying commitments — while mercenaries, or "wild geese," living on tales of glory long past, or white revolutionaries hitching red stars to the banners of black Marxists, sometimes unbidden. At the lowest end of the scale are the "when-we's."

The when-we's have been around for about as long as colonialism has been extinct, a group of people who lived, say, in Kenya or Zambia when whites ran those countries, and who did not like the visage of majority rule and so left for places where the minority still prevailed. On arrival, they would lower their trail roots among a new group and preface expressions of nostalgia with the words "When we were in Kenya..." or "When we lived in Lusaka..."

In the days when a white minority ruled the country now called Zimbabwe and then called Rhodesia, that season of whiteness in a great blackness attracted many a person unwilling to live under a majority government. Now some former Rhodesians form a core of when-we's in South Africa. Three years after Zimbabwe's independence, their memories have not faded.

"We are not a when-we organization," said Joan Woodward, the chairman of an informal body called the Rhodesian Contact Organization, which operates from a small office in a building in Durban called, fittingly, Salisbury House. Salisbury was the name of Rhodesia's capital, which is now called Harare.

But Mrs. Woodward went on, "we are not Zimbabweans, we are not ex-Rhodesians. We are Rhodesians and will stay Rhodesians to the day we die."

The organization provides what is evidently a valuable service for some of those who leave Zimbabwe because they do not like Prime Minister Robert Mugabe's way of running things and come to South Africa in quest of a future they feel is denied them in their former homeland.

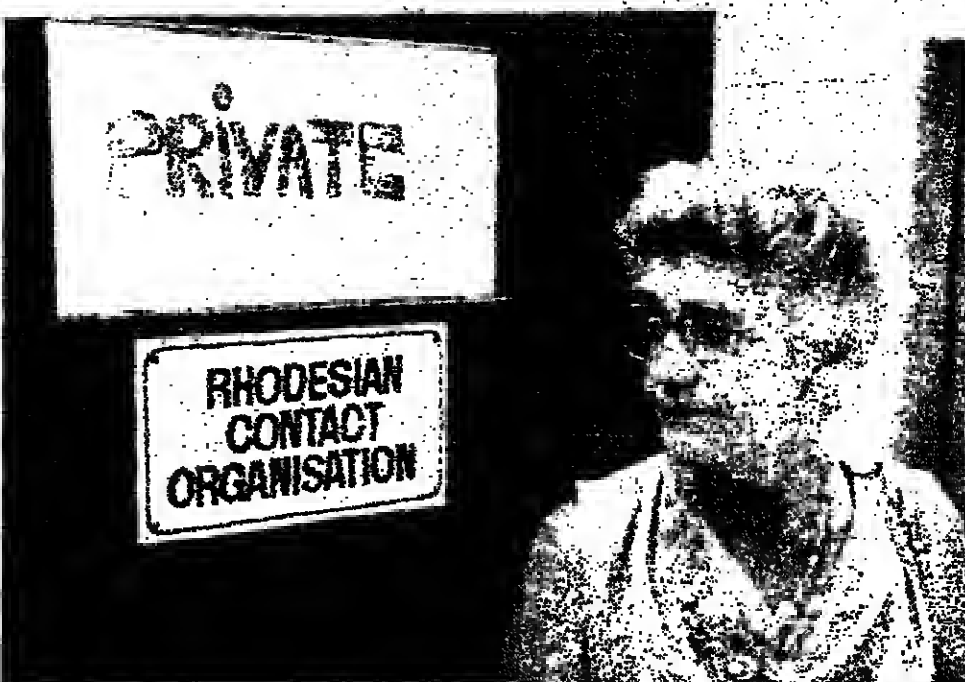
They gravitate toward this Indian Ocean port, and the province of Natal in which it is situated, because they have a history of Englishness and the dominant language is English, which they speak, not Afrikaans, which many do not.

Mrs. Woodward, who left in April 1980, the month that Zimbabwe became independent, seemed determined to face the future squarely. And the future of her organization, which helps find jobs and homes, sometimes money, for fugitive whites, was not in doubt, she seemed to intimate. "If Mugabe takes the farms," she said, "there'll be a flow of full-time refugees."

She referred to a theme common during the 15 years during which Rhodesia battled against international trade sanctions and the opprobrium of the international community for rebelling against British rule in 1965 by declaring independence.

"We were let down," she said. "We were running a country, we were perfectly happy. If the outside world and the British had left us alone, we would have been all right."

But despite that, Mrs. Woodward said, the former Rhodesians would make a go of it. "We are not a when-we club," she repeated — except, she acknowledged, for one night in the year Nov. 11. That was the day in 1965 when Rhodesia's last white prime minister, Ian D. Smith, declared independence.



Joan Woodward, head of the Rhodesian Contact Organization in Durban, South Africa.

"There's a bit of nostalgia on that evening," Mrs. Woodward said.

On Nov. 11 this year, in a vaulted meeting hall rented from a British veterans organization called the Moths, or Majestic Order of Tin Hats, they held what the tickets called an Indepen-Dance.

Because of the Moths' allegiance to a distant sovereign, a portrait of Queen Elizabeth II, the monarch against whom Mr. Smith rebelled, presided over the gathering. And there was a raffle. The first prize, the master of ceremonies said, was a model of the Soviet-

designed AK-47 assault rifle mounted on "Rhodesian" copper.

The AK-47, Mrs. Woodward pointed out, was used by some units of the Rhodesian Army — the Selous Scouts and the Grey's Scouts — and the man who won the raffle gave the prize away to a relative of a Selous Scout who had died in action.

But the ambiguity of the prize was not altogether lost: The AK-47 was the fighting symbol and the weapon most favored by the black nationalist guerrillas without whose victory the Indepen-Dance need never have been held.

Reagan Shelves Measure On Salvador Rights Check

By Charles Mohr
New York Times Service

WASHINGTON — President Ronald Reagan has pocket-vetoed a bill that made continued aid to El Salvador contingent on its assuring Congress every six months that the country was improving its human rights record.

The bill also specified that Mr. Reagan certify that the Salvadoran government was making progress in redistributing land and in making efforts to try accused killers of U.S. citizens.

By declining to sign it Wednesday, 10 legislative days after Congress sent the bill to the White House, he killed it with what is known as the pocket veto, which is possible when Congress is no longer in session.

The president, in vetoing the renewal of the certification procedure, rid himself of a duty that he and his top advisers had said they found onerous and confining. On four occasions, Mr. Reagan and the State Department had certified that El Salvador was making progress on human rights, land redistribution and the control of its own security forces, despite assertions by critics that this progress was more illusory than real.

Senator Claiborne Pell of Rhode Island, the ranking Democrat on the Foreign Relations Committee, called the president's pocket veto of the certification process "a powerful blow against peace and justice in El Salvador."

The senator pledged to join in introducing legislation when Congress reconvenes in January, "to improve upon the certification process just ended by the president."

Other leading Democrats are vowing to revive the bill. The Associated Press reported. Representative Michael Barnes of Maryland, chairman of the House Foreign Affairs subcommittee on the Western Hemisphere, said, "Our embassy in San Salvador is struggling to convince the Salvadoran government that it must take action to halt the killings by the death squads, which we now know are linked to the Salvadoran security forces. How can the embassy be credible when the president refuses to sign even this modest measure?"

Senator Christopher Dodd of Connecticut charged that Mr. Reagan's "ill-advised veto sends a significant and dangerous message to Salvadoran security and military forces: 'U.S. military aid will continue regardless of human rights abuses or involvement in right-wing death squad activities.'"

Earlier, staff assistants to Democratic members of Congress who had favored continuing the certification system said that although it had not curtailed military aid to the Salvadoran authorities, it had value nonetheless.

"The president's veto," a House staff aide said, "is a direct contradiction of what the administration has been saying recently in com-



Senator Claiborne Pell

plaining about the Salvadoran government's refusal to take action against right-wing death squads."

■ Visa Denial Seen as Signal

The State Department said Tuesday that Roberto d'Aubuisson, president of El Salvador's Constituent Assembly, had been denied a visa because of concern over rightist death squads, to which he has been linked. John Hughes, the State Department spokesman, qualified this Wednesday by saying that "it would be improper for the United States to ascribe culpability in the killings."

In a report from San Salvador, The Washington Post quoted Salvadoran political leaders Wednesday as saying that the denial of the visa was a clear signal that Washington opposed his expected bid for the presidency because of his suspected links to death squads.

Group of American Christians to Form 'Human Shield' for Nicaraguan Village

By Marjorie Hyer
Washington Post Service

WASHINGTON — When Phyllis Taylor said goodbye Monday to her three teen-age children in Philadelphia, both she and they knew she might not return.

Mrs. Taylor, a Quaker and a nurse, is the coordinator of a team of 21 church members who are leaving Washington on Friday for northern Nicaragua, where they plan to form a "human shield" along the Honduran border. They hope their presence in the area will discourage attacks by U.S.-backed rebels seeking to overturn the government.

Organizers of the venture, who have bitterly opposed U.S. policy in Nicaragua, say they hope U.S. military commanders will restrain the "contras" from attacking areas where U.S. citizens would be endangered as they have when church or congressional delegations visited the area.

"Human shield" volunteers will stay in the village of Jalapa. Six will remain in Nicaragua indefinitely, supplemented by 15 fresh recruits every two weeks. Mrs. Taylor is a two-week group.

The unusual experiment in political nonviolence is the work of an ad hoc ecumenical organization, Witness for Peace, whose advisory committee ranges from Catholic bishops to Quakers, Episcopalians and Southern Baptists.

Mrs. Taylor, 42, a longtime ac-

tivist in human rights causes, says she is aware of the risks but feels called as a Christian "to witness, to stand in the same peril as the Nicaraguans... to say, 'If you are going to lob a mortar, if you are going to shell a village, there will be North Americans who will be hit, as well as Nicaraguans.'"

"Our purpose is to save Nicaraguan lives," said Jim Wallis, an activist evangelical Protestant who heads the Witness for Peace Advisory Committee. "Our hope is to stop the United States' war against Nicaragua," he added.

This week, the group has undergone rigorous training by Mrs. Taylor's husband, Dick, a veteran of civil rights and anti-war demonstrations.

They have rehearsed nonviolent reactions to having a contra enter the village, to a mortar attack and to having one of their number kidnapped or raped. There have been 300 kidnappings in the Jalapa area this year.

Mrs. Taylor, who is a grief counselor working with dying patients and recovering amputees, said her worst fear is of "being tortured and being very good or being permanently maimed."

She said the Witness for Peace office has been flooded with applicants, who will pay their own travel expenses, and has rotation teams

filled through 1984. The effort will continue "until the war is over," she said.

The undertaking grew out of a trip by 150 North Americans, including Dick Taylor, to the same area in July. Their visit produced, or coincided with, a cessation of attacks by the contras.

Mrs. Taylor said their children, whom she describes as "one Salvadoran, one Korean and one home-made," had largely influenced her to join the mission.

"When they go off to school or whatever, I don't have to worry that I may never see them again," she said, in contrast to a Nicaraguan mother who told Dick Taylor of having to identify her son's decapitated body.

Mr. Wallis, acknowledging the mission's risks, noted that "the biblical tradition is filled with risky things." Recalling the Christian involvement in the civil rights struggles, he added, "Selma was a risk. Birmingham was a risk. It's the way of peace."

Londonderry Policeman Shot

LONDONDERRY, Northern Ireland — Two gunmen dressed as schoolboys shot and seriously wounded a policeman as he drove to work Thursday, witnesses said.

Rebels Reported Ready for Talks With Nicaragua

By James Gerstenzang
The Associated Press

WASHINGTON — Three anti-Sandinist groups have told the United States that they are prepared to end their military operations against Nicaragua if that nation takes "credible steps" toward democracy, according to a senior U.S. official.

The official, reporting on talks conducted Wednesday morning in Panama City between the anti-Sandinist leaders and Richard B. Stone, President Ronald Reagan's special envoy to Central America, said his report was intended to convey a message directly to Sandinist leaders in Managua.

The official, who spoke on the condition that he not be identified, said the anti-Sandinist groups were prepared to open negotiations with the Sandinist government. They were willing to suspend paramilitary activity in Nicaragua if the government takes "specific, credible steps to implement the democratic promises they made to the OAS in 1979," he said, referring to the Organization of American States.

Mr. Stone believes that opponents of the Nicaraguan government "will be prepared to end their military activities if a democratic electoral competition were part of a political solution to the conflict within Nicaragua," he added.

The source said that Mr. Reagan had been informed of Mr. Stone's meetings in the Panamanian capital and that he felt the proposals were "worth a try."

Larry M. Speakes, the deputy White House press secretary, said Mr. Stone would return to Washington shortly and would meet with Mr. Reagan and Secretary of State George F. Shultz. He said the Panama meetings were part of continuing efforts toward a regional solution to the conflicts in Central America.

In July 1979, Sandinist leaders offered assurances to the OAS that they would promote a democratic evolution once in power. The promises were made shortly before the fall of the government of Anastasio Somoza.

The official said those promises had led the OAS to recognize the Sandinist group when it was still an

exile group and added, "Ambassador Stone feels that this presents the Sandinista government with an opportunity to begin negotiations in order to implement the democratic promises it has made to the

Nicaragua Expected to Offer Amnesty to Prisoners, Rebels

(Continued from Page 1)

counterparts were the guests of honor.

There has been as yet no government response to opposition demands that the nations of the Contadora group — Mexico, Panama, Colombia and Venezuela — be asked to oversee negotiations between the Sandinists and their domestic critics. But on Wednesday, an important government official would not rule out such an arrangement.

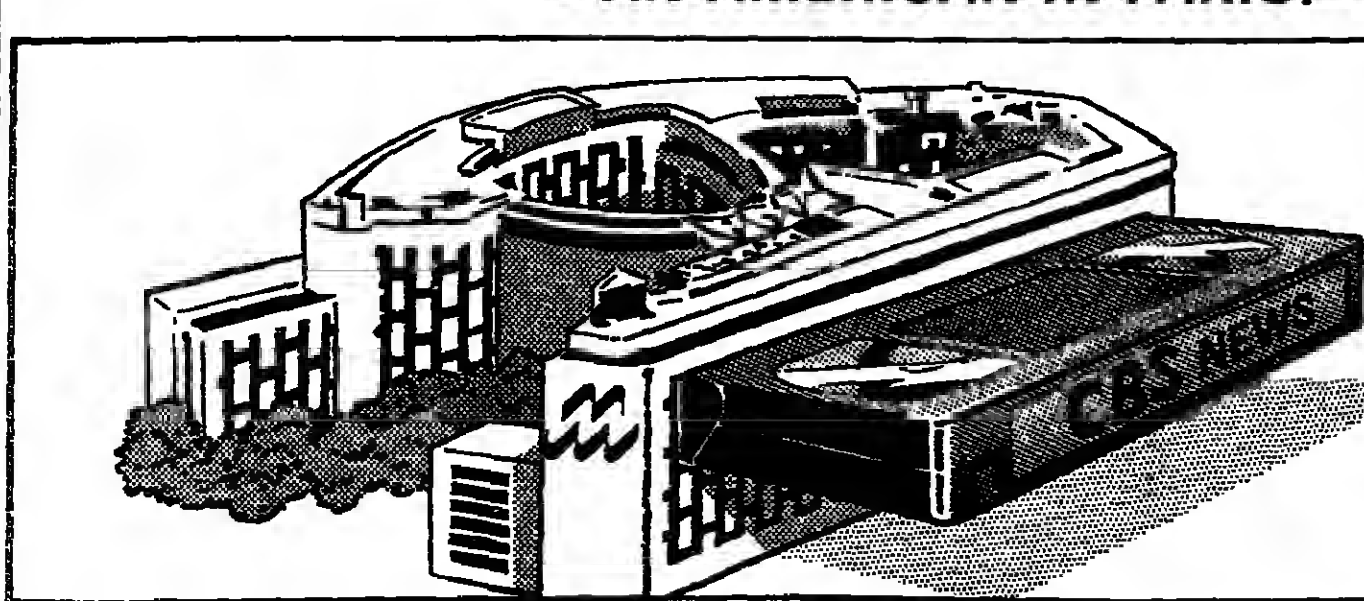
■ ACLU Assails Visa Denials
The American Civil Liberties Union has assailed the Reagan ad-

ministration's refusal to let Mr. Borge and the leading rightist political figure in El Salvador enter the United States. The New York Times reported from Washington.

The civil liberties union said Wednesday that the denial of visas was part of an "unconstitutional pattern of actions designed to deny Americans access to information challenging the administration's position."

A State Department spokesman, John Hughes, and other officials indicated that a visa had been denied to Mr. Borge to prevent him from spreading propaganda in the United States.

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Strength, Not Popularity, Keeps Chun in Command

By William Chapman

Washington Post Service

SEOUL — Four years after he began his drive to power, President Chun Doo-hwan remains an unpopular figure without a broad-based political following, and many people in South Korea view with skepticism his pledge to start the nation on the road to democracy by stepping down voluntarily five years from now.

He has received some high marks for presiding over an economic revival and a period of uncommon successes in diplomatic fields.

But interviews with many South Koreans and foreign observers suggest that his personal support is shallow. They cite as reasons the continuing suppression of dissent, financial scandals that have touched his associates, and Mr. Chun's often autocratic behavior.

Some also raise the basic question of the legitimacy of a leader who took power by force and who has banned from politics at one time or another virtually every significant figure in the country's always weak political opposition.

Mr. Chun's supporters insist that his popularity has been enhanced by the economic turnaround that promises this year to return South Korea to double-digit growth. But

some of them concede he is not a man with a political following. Durwon Pong, chairman of the National Assembly's foreign affairs committee, said recently that Mr. Chun is more popular than his predecessor, Park Chung Hee.

"But no president has been very popular," the chairman said. "We do not count much on popularity. We count on a strong leadership so that the ship can sail on."

Mr. Chun, a career military officer, began his rise to power by leading a coup that removed several leading generals about two months after Mr. Park had been assassinated by his own security aide.

Mr. Chun subsequently forced aside an interim civilian government, jailed many dissenters, crushed a civil uprising in the city of Kwangju, and was in effect running the country by the summer of 1980.

Several months ago a high government official who is now dead conceded that the manner in which Mr. Chun took power "was his heaviest liability. The problem of 'legitimacy,' he said, could be overcome only by successful defense against North Korea, an economic revival and a broadening of democracy. The first two essentials were being achieved, the official



Chun Doo Hwan

said, but the third had yet to be realized.

A foreign diplomat said Mr. Chun lectures visitors and advisers instead of listening to them. "It is a common saying that if the visit lasts one hour, Chun listens for five minutes and then talks for 55," he said.

Mr. Chun has sought to establish his political legitimacy by promising to step aside when his seven-year term expires in 1988 and permit his successor to be elected.

But the promise is questioned by many because the election law prescribes an indirect election by a 5,278-member council of unification from which all politicians, pro-government or anti-government, are excluded.

Kim Young Sam, a former opposition leader who is among more than 300 people banned from politics, called it a system "fabricated" by the government to perpetuate the rule of Mr. Chun or an ally. Recalling Mr. Park's practice, he said the government would know which candidates for the council supported the ruling circles and would eliminate most of the opponents by forcing them to take trips during the election or by means of intimidation and blackmail.

When Mr. Chun and fellow military officers seized control, they also had promised an end to corruption and the favoritism that had enriched a few businessmen and cronies of Mr. Park.

The pledge has been severely tarnished by repeated revelations of financial wrongdoing. There have been three major money-lending scandals in the past two years. One implicated a relative of Mr. Chun's wife, and another has brought accusations of malfeasance against a member of his cabinet.

The appearance of official

wrongdoing, said the Rev. Kim So Young, head of the South Korean national council of churches, adds to the anger of South Korea's politicized students who have staged sizable demonstrations this fall.

Mr. Chun has benefited somewhat, his aides assert, from the surge of prosperity that began with his tenure, ending a period of severe recession and inflation. The growth rate this year may exceed 10 percent, compared with 5.6 percent in 1982, and the rate of inflation has been brought down from 29 percent in 1980 to about 2.4 percent.

Many also credit Mr. Chun with diplomatic successes. He has made impressive state visits to Africa and Southeast Asia, broadening South Korea's reputation by nonaligned governments. Another foreign journey was abandoned after a bomb exploded Oct. 9 on his visit to Burma, killing 17 South Koreans, including several leading government officials.

Mr. Chun's foreign policy team also has pressed its efforts to expand relations with the Soviet Union and to begin contacts with China, two nations that once spurned his country. Diplomats here regard the opening with China, although still small, as a major breakthrough.

U.S. and Soviet Negotiators Discuss Long-Range and Sub-Based Missiles

Frank J. Priol

New York Times Service

GENEVA — The United States and the Soviet Union on Thursday held the longest session so far in the current round of the strategic arms reduction talks known as START.

The meeting convened at the Soviet delegation's headquarters at 11 A.M. and ended three hours and 35 minutes later. It followed a session on Tuesday that lasted for three hours and 15 minutes.

The next session is scheduled for Tuesday at the headquarters of the United States delegation.

Observers here saw Thursday's meeting and the one scheduled for next week as fairly conclusive evidence that the Soviet Union plans to continue negotiating on intercontinental ballistic missiles and submarine-launched ballistic missiles even though it broke off talks here last week on intermediate-range missiles. The Soviet delegates walked out of those talks after the United States refused to halt the deployment in Western Europe of land-based cruise and Pershing-2 missiles.

The START talks were not the Soviet Union's first priority here. At the beginning of the current round, the chief U.S. negotiator, Edward L. Rowley, said he did not

expect major advances in the START talks until there were some signs of progress on the medium-range weapons. "We can't make any real movement until they see how that one's going to go," Mr. Rowley said, adding, "In my view, our negotiation is not their priority attention."

In fact, the chief Soviet delegate to the START talks, Viktor P. Karpov, is said to have indicated in the negotiations that the continued deployment of the U.S. medium-range weapons could force Moscow to re-examine its position on intercontinental missiles.

The United States made it known previously that it would have liked to recess the START

talks Thursday for the coming holiday season but that it would continue if the Soviet delegates wished to continue. Observers here noted that the sessions have always lasted two months, give or take a few days.

In the past four rounds of talks, each recess was accompanied by a joint statement indicating that both sides planned to resume the talks. The fact that Thursday's session was apparently conducted normally, with at least one more scheduled for next week, led observers here to predict that the "resumption clause" will be agreed to by the Soviet delegates despite tension over the U.S. missile deployments in Western Europe.

Kidnappers Plan to Free Betancur

United Press International

BOGOTA — Leftist guerrillas holding the kidnapped brother of the Colombian president retracted their threat to kill him if the government did not meet their demands and said Thursday they would free him next week.

In a message received by the newspaper El Bogotano, the Army for National Liberation said it would free Jaime Betancur, 53, immediately after a

national peace demonstration.

The guerrilla group — known by its Spanish acronym ELN — issued two photographs to show that the younger brother of President Belisario Betancur was safe. Jaime Betancur, 53, was abducted Nov. 22 as he left the campus of Catholic University in Bogotá, where he teaches law. ELN demands included wage increases, a price freeze on basic consumer items and reductions in the price of public services.



Wang Xuecheng received a major's insignia Thursday from General Han Pei-tsun, chief of Taiwan's general staff.

Taiwan Gives Chinese Air Force Pilot \$1.2 Million in Gold After Defection

Reuters

TAIPEI — A Chinese Air Force pilot who flew his MiG-17 to Taiwan last month was given \$1.2 million in gold Thursday as a reward for defecting.

Wang Xuecheng, 28, landed his jet fighter in northern Taiwan after

a 400-mile (650-kilometer) flight from Zhejiang province on Nov. 14. He was also commissioned a major of the Nationalist Air Force at a Defense Ministry ceremony Thursday. Major Wang is the third Chinese pilot to have defected to Taiwan since August 1982.

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Terms for the Sandinists

Is there, finally, a bargain to be struck with Nicaragua? The Sandinist leftists are broke, and beleaguered by rebel forces supplied by the United States. In piling offer upon promise, the Managua regime seems to be asking that it be allowed to survive. What terms, then, should Washington ask for calling off the rebels' "secret" war? Genuine nonalignment, for one. No regional export of revolution. A decent regard for human rights at home. Since these are principles once avowed by the Sandinists, respect for them would justify ending — no less than waging — an illegal war.

Some of the junta's recent gestures are welcome but inconclusive. The many Cubans it reportedly has sent home can easily return; the overtures to domestic political and religious dissidents can as readily be canceled; the loosening of censorship on La Prensa, the only dissenting newspaper, is no commitment to true pluralism. The real questions concern the treaty bargain that Nicaragua is proposing.

The Sandinists no longer insist on negotiating only with the United States and Honduras, as if the security of other Central American nations was not an issue. They say they are ready for a regional pact, rooted in principles proposed by the Contadora mediators — Mexico, Venezuela, Colombia and Panama.

So far, so good. But the Contadora formula calls for an end to all outside military aid to Central American nations. This could leave the Sandinists as the strongest military power in the region among neighbors who would have no right to vital foreign help.

Daniel Ortega Saavedra, coordinator of the Sandinist junta, has said that Nicaragua would send Cuba's military advisers back to Havana if the United States in turn recalled its 200 or so advisers from El Salvador and Honduras. Nicaragua would retain an army of 25,000 and guns for much of its population — while El Salvador would be deprived of U.S. help in dealing with its insurgents. For Nicaragua, then, to forswear smuggling arms or otherwise aiding rebels in El Salvador or Guatemala would be no concession at all. On the contrary, it would let the Sandinists claim they made Central America safe for Marxist insurgency.

If the United States is to swallow its disappointment over the betrayal of genuine democrats in Nicaragua, it can hardly be asked to give up the right to assist democrats elsewhere. If there is to be a deal, it should be one that contains the Sandinists in return for their being, if not welcomed, at least allowed to manage their own society.

—THE NEW YORK TIMES.

Alfonsin and the Bomb

The incoming elected government in Argentina has apparently decided to embrace the same reckless nuclear policy as the outgoing military government. The reason comes down, essentially, to pure nationalism. Many people in Argentina — particularly in the navy, which runs the nuclear program — seem to like having their country on the list of countries that can produce nuclear weapons.

Authorities in Argentina kept saying that its nuclear development will be limited strictly to peaceful purposes. If that is true, why not open the plants to international inspection? Hans Blix, director of the International Atomic Energy Agency, was in Buenos Aires last week to try to persuade the new government to come into the IAEA system of safeguards. He talked with both the president-elect, Raúl Alfonsín, and Mr. Alfonsín's designated secretary of energy, Conrado Storani, without success. They told Mr. Blix that Argentina would refuse to sign the Nuclear Nonproliferation Treaty and the Treaty of Tlatelolco, which would ban nuclear weapons in Latin America.

Mr. Storani repeated the military government's argument that the nonproliferation treaty is a ruse to prevent Third World countries from acquiring nuclear technology. That

view is incorrect, since signing the treaty would make it easier for other countries to give technology to Argentina — as long as it is not used for weapons. Mr. Storani's insistence on his predecessors' line is ominous, since it suggests that the Alfonsín administration may be conceding more influence to the military than is healthy for either of them.

Perhaps Argentina is also counting on the United States and Western Europe to continue the rather slack enforcement of their own commitments. If Argentina can get the equipment and materials that it wants from the Northern Hemisphere without signing the nonproliferation treaty, why should it sign? Last August, to note one recent and conspicuous lapse, the Reagan administration approved the sale of heavy water to Argentina.

Washington is now devoting great attention to transfers of potentially dangerous technologies to the Soviet Union. In contrast, it does not seem to be paying much attention to technology transfers to those countries that decline to join the international effort to restrain the spread of nuclear weapons. Maybe Buenos Aires would take the nonproliferation sanctions seriously if Washington did.

—THE WASHINGTON POST.

Other Opinion

Japan's Chinese 'Other Card'

The visit to Tokyo by the head of the Chinese Communist Party, Hu Yaobang, reveals what might be called Japan's diplomatic "other card." The first card had been shown shortly before Mr. Reagan's visit; despite the caution displayed by Prime Minister Nakasone on that occasion, Japan appeared as not only the most loyal and solid ally of the United States in Asia but also a full member of the "Western camp." The reception now being given to the Chinese neighbor highlights a different system of ties. It is Asia and there, fore more regional, but nonetheless another of the basic elements in Japanese foreign policy.

China and Japan are both worried by the Soviet military reinforcement in the Far East, particularly since the deployment of more and more SS-20s east of the Urals. They are doubtless not unhappy to see America counterbalancing that threat, but their approach to the problem is not the same as that of the United States. Neither China nor Japan wants to risk the cost of being dragged into a conflict by Mr. Reagan's "global" strategy. Both make no secret of their desire for an easing of tension in Asia at least, and they hold that their cooperation should play a stabilizing role in the region — in the Korean peninsula, in particular.

—Le Monde (Paris).

Hu Yaobang's visit to Japan deserves our special attention because undoubtedly an agreement between the two Asian superpowers will bring about significant influence on the Korean peninsula's political situation.

Although Japan and China will focus their discussions on the political and economic cooperation between the two countries, due at-

tention should also be paid to the military and security stabilization of the Korean peninsula. We urge the two nations not to make the mistake of neglecting the Korean question during their discussions.

China and Japan should strive to establish institutional devices that will secure peace in this part of the world as well as create an atmosphere for cross-recognition of South and North Korea by world superpowers.

The Japanese position in relation to the situation on the Korean peninsula should be made more clear during their negotiations with China. We believe this is the best way for Japan to recover its diplomatic balance between South and North Korea.

—Kyunghyang Shinmun (Seoul).

A reason why Japanese politics has suddenly become more interesting is Mr. Nakasone himself. Although he has only been prime minister for a year and has led a cabinet weighed down by Tanaka men, he has shown himself to be a different sort of Japanese politician. He has repeatedly indicated a desire to give Japan a more forthright presence in the world. He has, in particular, supported a stronger defense policy for his country and closer military cooperation between Japan and America in confronting Soviet power in the eastern Pacific. Unlike most of his predecessors, Mr. Nakasone has been unequivocal in placing Japan in the Western camp. Despite his (lessening) dependence on the old shogun Tanaka, Mr. Nakasone seems well-placed to stay in office even if the Liberal Democrats do lose a few seats. More of Nakasone would be good for both Japan and the West.

—The Daily Telegraph (London).

FROM OUR DEC. 2 PAGES, 75 AND 50 YEARS AGO

1908: New Caledonia to Australia?

SYDNEY — Louis Berthoin, the young French officer who was condemned to transportation to New Caledonia for life for selling military secrets to Germany, has arrived here on the steamship Australis. The editor of "La France Australe," who journeyed to Paris to make representations to the French Government regarding New Caledonian interests and the serious position of the colony, returned by the same ship. Numerous letters reach Australia from residents of New Caledonia, urging annexation. They state that if a reasonable proposition is made to the French government it would be considered. The colony is now in a state approaching bankruptcy. Australian statesmen, while favoring the proposition, cannot move without the approval of France.

1933: Powers Favor Arms Inspection

GENEVA — The American and British delegates to the Disarmament Conference accepted informally (on Dec. 1) a system of annual inspection of their arsenals and armament factories. The British draft convention had only envisaged inspection after formal charges against a state. The control system provides for regional inspection at least once a year. The French proposed this means of avoiding a crisis, which formal allegations of treaty violation might precipitate, though such complaints can be investigated also. Arthur Henderson, chairman of the conference, announced that he will quit Geneva for a holiday in London. There is increasing belief here that when Henderson returns he will offer his resignation to the council of the League, which meets Jan. 15.

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"Mine? Why, er, ha, I've never seen the nasty little ... I've never seen the, er, child before, ha, ha, ahem."

The Doctor Is Still In, but the Neighborhood Is Odd

WASHINGTON — Martin

By George F. Will

Feldstein, the once and future Harvard economist, is known to some conservatives as Dr. Gloom. The chairman of the Council of Economic Advisors is considered a grump because he believes and what is worse, says that the foreseeable federal deficits are incompatible with a healthy recovery and must be reduced by tax increases as well as spending cuts.

It is an odd neighborhood, the 1600 block of Pennsylvania Avenue, Mr. Feldstein, head of the woful countenance, works just west of the White House west wing, where the cheerful president keeps his mistress, a charming known as Rosy Scenario. Mr. Feldstein disapproves of this lady, but the fellow who works in the building just east of Ronald Reagan's house, Treasury Secretary Donald Regan, loves her.

The president's rosy scenario is that economic growth will bring the budget close to balance, perhaps with help from domestic spending cuts. Therefore, people who say America needs tax increases are nervous Nellies. Secretary Regan says, "Right, boss," and offers an award to anyone who can demonstrate a connection between deficits and high interest rates.

Mr. Feldstein is too polite to offer an award to anyone who can demonstrate a connection between Secretary Regan and political reality. But how does the secretary get his numbers (for example, a fiscal 1984 deficit of just \$12 billion) without assuming spending cuts that Congress shows no intention of making? Mr. Feldstein says: Yes, economics is not an experimental science and, yes, all phenomena have multiple causes. But economics is not a science of single instances. It is

a science, yielding generalizations. Granted, there is no statistical correlation between market interest rates and deficits. But the real interest rate is the market rate minus the inflation rate. There is a correlation between large deficits (which breed inflationary expectations) and high real interest rates. The real interest rate in America today is about double what it was in 1980.

On its current course, by 1988 or 1989 the government will be spending at least \$80 billion just to pay the interest on the \$1 trillion in new debt that will be run up in the next five or six fiscal years. But in fiscal

1988, personal income tax revenue is projected to be just \$450 billion. So, just to pay the new interest charges will require a sum equal to a 17 percent increase in personal taxes. And that \$80 billion will be a fixed charge, annually, forever, as long as the Republic lives.

The borrowing necessary to finance such deficits — an amount equal to two-thirds of private domestic savings — makes the dollar strong relative to other currencies. That makes U.S. exports expensive and jeopardizes export-related jobs — one in five American jobs.

Mr. Feldstein forcefully praises

the president's achievements. He believes the president was right to reduce personal income tax rates, which were having irrational disincentive effects. And he stresses Mr. Reagan's transformation of the budget. A graph of domestic spending as a percentage of GNP between 1960 and 1988, as projected, looks like a profile of the Matterhorn: steep up and down. In 1960, domestic spending other than Social Security consumed 5.8 percent of GNP. By 1970 it was 6.9 percent. In 1980 it was 9.3 percent. Even without further cuts, such spending will fall to 6.3 percent of GNP in 1988.

Secretary Regan has the infectious confidence that you might expect in a former lieutenant colonel in the marines. But when waxing skeptical about the relationship between large deficits and high interest rates, he calls to mind the report that a British officer wrote about a saboteur: "I do not doubt that there are men who will follow this officer anywhere, but it will only be out of curiosity."

Today in Washington there are, I think, majorities in both parties that accept the need to cut spending by reducing the cost of indexing entitlement programs (if only by changing the way the inflation rate is calculated), and to raise taxes, perhaps with consumption taxes.

So it is incorrect to consider Mr. Feldstein the cat among the pigeons. By now there are more cats than pigeons, even inside the administration. And aside from Secretary Regan there probably is only one important pigeon. But cats in profusion are no match for a 1,000-pound pigeon. Strange town, Washington: a giant pigeon with a mistress named Rosy.

The Washington Post.

Feldstein 'Ought to Quit or Be Fired'

MARTIN Feldstein is a brilliant conservative economist, a forthright defender of his point of view and an all-round terrific guy. He ought to quit or be fired. That is because his dispute over budget deficits with Treasury Secretary Donald Regan — now derided as "the Don and Marty Show" by Democratic devotees of disarray — is making the president appear to be an economic policy wimp.

Mr. Feldstein should avail himself of the chance to do what so few appointees do: resign on a matter of policy, plainly and honorably spelling out his disagreement. He may even be right; nobody knows. But on economic policy, the Regan-Reagan team has lowered inflation from 13 percent to 4 percent, cut interest rates in half, and sparked a boom that turned common stocks into collectibles. I would go with the happy band that gets those results and bid an admiring farewell to Dr. Gloom.

—William Safire in The New York Times.

Feldstein 'Faces a Long, Lonely Winter'

DOGGEDLY, Martin Feldstein keeps rebutting Donald Regan. Mr. Feldstein is not exactly a voice in the wilderness. Trade Ambassador William E. Brock says deficits should be "wiped out," and the administration has other "close" supporters of the Feldstein view. But unless one assumes that President Reagan's anti-tax statements are a rhetorical flourish in the direction of the extreme Republican right, to be abandoned in a later burst of pragmatism, Mr. Feldstein faces a long, lonely winter.

—Hobart Rowen in The Washington Post.

Torture by the KGB: Backward Toward Stalinism?

By Peter Reddaway

WASHINGTON — Is the Soviet regime edging its way back toward Stalinism? Is that the message conveyed by its current campaigns to tighten social discipline, crush dissent, regiment the working class, tough things up in its relations with the West and glorify the KGB?

A new signal from Moscow strengthens the case for answering yes. Soviet dissidents have just called on the West to speak out against the growing KGB practice of using physical torture. They believe the practice may recently have been authorized by the government.

This development would evoke the year 1937, when, at the height of Stalin's terror, the regime legalized torture. After Stalin's death in 1953 torture was outlawed. Since then it has been used only in a limited, localized phenomenon. The only setting in which it has been used systematically — with drugs as the instrument — is in mental hospitals, to which persistent critics are sometimes consigned as "lunatics."

The new trend is to use physical coercion increasingly often and, significantly, against dissidents who are well-known abroad. This means, for the very least, that the torture of particular individuals must have been approved at the highest political level. It also suggests that the Kremlin has reconsidered itself in advance to bad publicity abroad.

The aims of the policy are, it seems clear, to obtain "confessions" from the victims and to intimidate other dissidents into submission.

These goals evidently have high priority. The most convenient way of letting all dissidents know about the policy is to practice it on prominent individuals. That will provoke foreign publicity, which in turn will be picked up by Western radio stations and broadcast into every corner of the Soviet Union in Russian.

The dissidents who have just appealed to the West do not wish to be named. They justifiably fear arrest. However, their identities are known both to the experienced traveler who met them and brought out their oral messages, and to myself. They are responsible people with long experience of what dissent means in Russia.

They draw attention to three recent cases of special note. The first — involving a computer specialist who worked in a government ministry, Alexei Smirnov — was mentioned in the Western press earlier this year. He was beaten in prison on 30 occasions, but refused to plead guilty and received a 10-year sentence for editing the human rights journal, "A Chronicle of Current Events."

The second victim is Anatoli Kor-

kov. For his detailed public criticism of the political abuse of psychiatry, Dr. Korogov was given 12 years of prison and exile in 1981. Later he was widely honored in Western countries for his courage, and this year the World Psychiatric Association elected him an honorary member.

For two years after his arrest, the KGB tried to get him to recant by exerting a wide range of psychological, then physical pressures on him and his family. These provoked him into periodic hunger strikes. When his wife saw him in August this year in Christopol prison, 600 miles east of Moscow, he was suffering from a severe protein deficiency. His body was badly swollen. Large pockets of liquid lay beneath his skin, unabsorbed by his failing system.

According to medical opinion in Washington, this condition requires careful treatment. A controlled replacement of minerals and proteins is needed to put right the serious imbalances in the body. A prison diet could bring death.

The latest news from Christopol indicates a progression to outright torture. Dr. Korogov has reportedly been beaten with great severity. During the beating the authorities deliberately left the cell window open so his screams could be heard outside.

Apparently the regime wants to be able to tell its people and the world medical community that the Soviet Union was forced out of the World Psychiatric Association this year because Dr. Korogov was paid by Western agents to write slanderous statements about Soviet psychiatry.

A third victim is Sergei Khodorovich, who for six years was the administrator of the Russian Social Fund. That fund has provided material aid to political prisoners and their families since 1974.

In April Mr. Khodorovich, a 42-year-old computer scientist, was arrested in Moscow and charged with treason. The basis of the charge was the KGB's assertion that the fund was financed by the CIA. Alexander Solzhenitsyn, the fund's founder, has called this assertion "a deliberate lie." He points to his repeated statements that all the fund's resources come from the royalties on his book,

"The Gulag Archipelago," and that the fund is under the jurisdiction of the Swiss government.

Mr. Khodorovich's wife was informed recently by an apparently trustworthy source that her husband had been beaten up in Moscow's Butyrka prison, and that he now had a fractured skull. She was also informed that he had been told that if he went on pleading his innocence, he would continue to be beaten.

When Mrs. Khodorovich went to the prison she was denied access. An official told her that her husband had been in the hospital wing since August. He refused to tell her why.

The KGB presumably has orders from the Politburo to arrange a show trial at which Mr. Khodorovich would "confess" that the fund, which has aided the families of about 2,000

political and religious prisoners, is a tool of the CIA.

Since 1979 almost all these groups have gradually been driven underground, or crushed, by intensified KGB pressure. The arrests of about 1,000 dissidents have been documented in the West.

In the same period the KGB has increasingly gone beyond simple arrests, supplementing them with more sinister methods — assaults on the street by thugs; "accidents" that result in the deaths of dissidents; now, as a logical extension, straightforward physical torture in the style, ominously enough, of Josef Stalin.

The writer, a fellow at the Woodrow Wilson Center for Scholars, is a lecturer on leave from the London School of Economics and a specialist in Soviet politics. He contributed the article to the International Herald Tribune.

Arafat: What 'Vision'?

Regarding "In Defense of Arafat, Engineer of a National Revival" (IHT, Nov. 16) by Edward Said:

This lyrical ode to Yasser Arafat qualifies as unadorned fiction. When Mr. Said celebrates "the moral challenge and humane audacity" of Mr. Arafat's vision, one wonders what universe Mr. Said inhabits.

We are told that Mr. Arafat formulated the notion that Palestinian Arabs and Israeli Jews should "seek a future together on an equal footing in a shared territory." The historical Yasser Arafat, however, held to a "vision" in which the only territory Israeli Jews would inhabit is under the Mediterranean. Is it really necessary at this point in history to document once again the endless disparities by Mr. Arafat and the PLO promising the cleansing of Palestinian soil of Jewish contamination?

When Issam Sartawi, a lonely and courageous voice in the PLO, finally articulated but a small piece of the "vision" that Mr. Said absurdly attributes to Mr. Arafat, he was assassinated by Mr. Arafat's colleagues.

To be sure, Mr. Arafat spoke of a "secular democratic state" in Palestine. But Mr. Said fails to inform us that this state had no room for Jews who arrived in Israel after 1948 — approximately 90 percent of Israel's Jewish population.

To attach terms such as "moral" and "humane" to a man who headed a worldwide terrorist network that caused untold suffering and destruction, not only to Israel's Jews but to hundreds of thousands of Lebanese

and to fellow Palestinians, is the ultimate debasement of language.

In Mr. Said's fanciful world, everybody is guilty of denying Palestinians their due — the Americans, the Israelis, the Syrians — everybody, that is, except Mr. Arafat and the PLO. In the real world familiar to most of us, no one is more to blame for the frustration of Palestinian aspirations than Mr. Arafat and the PLO.

The PLO launched its wars of terror against Israel two years before the war of 1967, at a time when the West Bank in its entirety was in Arab hands. What "moral and audacious vision" other than the obliteration of Israel in its pre-1967 borders, did Mr. Arafat and the PLO entertain then?

Even after Israel controlled the West Bank as a result of the 1967 war, if Mr. Arafat and the PLO had renounced the covenant calling for the destruction of Israel and had offered to discuss with Israel the establishment of a Palestinian homeland on the West Bank, no Israeli government, not even one headed by Menachem Begin, could have prevented the PLO from becoming a direct partner to the peace process.

It was always within the power of Mr. Arafat and the PLO to assume control of their own destiny. They refused to do so only because that would have meant recognizing Israel and finally renouncing their dream of its destruction.

That this eschatological hope blood and violence had a greater hold on the imagination of Mr. Arafat and his colleagues than the prospect of peaceful coexistence with Israel is the real measure of Mr. Arafat's "mor-

Defending The Gulf: Worth It?

By James A. Nathan

WASHINGTON — A new and needless commitment to yet another Middle Eastern war is in the works, with the United States hinting that military force will be the response if Iran tries to close the Strait of Hormuz to oil shipping. Yet many analysts doubt that Iran has the military capacity for an effective blockade. And the Gulf is not what it was.

The fear that the Soviet Union has in the words of U.S. Secretary of Defense Caspar W. Weinberger, "a long-range objective of denying access to oil by the West" no longer seems valid. The Soviets are suffering their own oil glut. And Arab oil is less and less significant in world markets.

Finally, by any reasonable standard, the price of defending the area is becoming excessive.

In early 1980 President Jimmy Carter promised to defend the Iranian oil fields. He had cause for alarm: The Soviets had just invaded Afghanistan, and military analysts were arguing that Iran was next. The CIA was predicting that the Soviets would be needing to import oil in just a few years and might want to deny it to the West and use the oil themselves.

By the spring of 1981, however, the CIA had recalculated the Soviet energy potential and concluded that the Soviets would be exporters of oil for the foreseeable future.

Today military planners are less concerned by the Soviet position in Afghanistan. The Russians seem to have badly miscalculated the requirements for pacifying that nation, and are seeking a diplomatic solution.

The fright about Soviet intentions in Iran has also abated. It is true that in 1980 the Soviets could have placed 100,000 troops in Iran in less than a month. (The United States could barely have scraped together a viable division.) Overlooked, however, were the limits of the Soviet power. They lacked tactical air cover, there were difficulties with transport supplies, including water, and local opposition was underestimated.

Nonetheless, the choice for 1980 military planners was between surrender of the West's oil and, in the event of attack, a defense without an alternative to a nuclear response.

Since then U.S. forces designed for the defense of the Gulf have appeared. By 1988 about 400,000 men will be ready to go to the defense of Southwest Asia's oil. The rapid deployment package will include nine divisions, 34 tactical aircraft squadrons, at least two aircraft carriers, six amphibious ships, and 50 escort vessels. The cost, according to a recent Brookings Institution study, will be more than \$500 billion.

For what? The Pentagon has admitted that its scenario of an invasion of Iran is unlikely. Disintegration of the Saudi royal house is more plausible, but the techniques of regime stabilization are not a U.S. strong suit, and occupation of 100,000 square miles of oil fields might be impossible, no matter what the coercion.

Most important, the worldwide demand for oil is widely predicted to increase by no more than 1 percent per year over the next 20 years. Giant non-OPEC suppliers have been rapidly outstripping OPEC production, at a rate of about 4 percent per year in the last decade. OPEC supplies are growing at less than 0.5 percent per year. Mexico is eager to sell what it can to save itself from bankruptcy, and China's offshore reserves are said to exceed those of Iran.

It is bizarre that this great reversal of Arab fortunes has not affected the U.S. Department of Defense. The Rapid Deployment Force was invented to protect the countries of the West, yet the world's economic recovery is put at risk by the cost of this vast armada. And for an administration so taken with the wizardry of markets, the defense of a decaying cartel is almost inexplicable.

The writer is professor of political science at the University of Delaware, and visiting professor at the Strategic Studies Institute of the U.S. Army War College. He contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

Arafat: What 'Vision'?

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Who Came to Dinner?

Regarding "The Perfect Party Formula Includes: A Princess, a Politician and a Writer" (IHT, Nov. 17):

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TECHNOLOGY

By ANDREW POLLACK

Computer Firms Trying to Integrate Various Applications Into Packages

LAS VEGAS—Software companies seem to have entered a new phase. Rather than trying to come up with new applications for computers, most of the major companies are concentrating on making programs easier to use and on integrating different applications, such as word processing and financial management, into all-in-one packages.

As a result, here at Comdex, the trade show for the personal computer industry, there are several new programs being promoted as "integrated" software, although with no clear definition of that term.

There are many degrees of integration and several ways of achieving it. The goal is to allow users to do many tasks easily in combination. A computer user might want to retrieve numbers from an electronic filing system, plug them into a budget forecast, prepare a pie chart from the results and insert the chart into a letter being written with a word-processing program.

Before the advent of integrated programs, users had to go through a cumbersome process of copying the needed data from one program, inserting the disk containing the next program into the computer and re-entering the data, sometimes retyping it. Integration, in theory at least, makes it easier to transfer data. It should also give users a common set of commands for the different programs.

There are two basic approaches. One is to combine several tasks to a single program. The other is to provide a way of integrating programs supplied by separate vendors.

Lots Development's 1-2-3 is the prime example of the all-in-one program, also known as a multifunction program. It comes with a spreadsheet, which manipulates rows and columns of numbers, a graph-drawing program and a data-base manager, which is an electronic filing system.

Because a multifunction program is written as a unified package, the different parts work extremely well together. The drawback is that the use is limited to what comes with the package. The features of a multifunction program also might not be as powerful as those of a specialized program.

Dozens of companies are trying to attack Lotus's market share with products that offer more applications rolled into one or stronger applications. Lotus is responding by adding word processing.

The other approach, involving separate programs, uses windows—separate areas of the computer screen where different programs appear. That allows data to be transferred from a program appearing in one window to one in another window. Often the windows are used with a device known as a mouse that slides along and directs a pointer on the screen. Window packages have been dubbed environments.

Battle Shaping Up

While Xerox, with its Star, and Apple, with its Lisa, introduced windows and mice, the battle is shaping up between two software giants—Microsoft Corp. with its Windows environment, and VisiCorp, with its Visi-On environment. They take different approaches.

Microsoft Windows will be for use with existing programs. That way, and by offering Windows as an extension of its MS-DOS operating system, Microsoft hopes for wide acceptance.

Merely running existing programs in different windows on the screen might not help the user that much. The different programs would still have different sets of commands and might not be designed to take advantage of the mouse. Microsoft hopes program developers will modify their programs to take advantage of windows and mice.

A company with a similar approach is Quarterdeck Office Systems of Santa Monica, California. Its DesQ program provides a common set of commands for users. When the user types those commands or points to them with a mouse, the DesQ program translates that command to one understood by the particular program. Quarterdeck has provided such translations for many popular programs, but the user must do the translation himself if he wants to incorporate a program that DesQ has not seen before.

VisiCorp is selling application programs such as word processing and spreadsheets tailored to work with Visi-On. That might allow for smoother integration, but it requires the user to abandon his favorite existing programs. Unlike an all-in-one package, however, Visi-On does allow programs to be added to the window environment.

The battle is likely to be decided by which environment is supported by software companies, and by International Business Machines Corp., which has said it will sell Visi-On but has not yet said anything about Microsoft Windows. But the Microsoft program has the support of dozens of other hardware and software companies.

Analysts say it is difficult to rate all the integrated software because many companies are announcing products months before they really exist. They also say that all the programs can be slow and frustrating to use at times, partly because of the limited power of today's personal computer to handle complex environments.

New York Times Service

CURRENCY RATES

Interbank exchange rates for Dec. 1, excluding bank service charges									
	S	D-Mark	FF	£	Yen	S-F	S-P	S-J	S-K
Amsterdam	2.201	4.416	11.977	3.364	1.358	5.517	13.930	30.995	1.210
Bremen	2.201	4.416	11.977	3.364	1.358	5.517	13.930	30.995	1.210
Frankfurt	2.201	4.416	11.977	3.364	1.358	5.517	13.930	30.995	1.210
London	1.536	3.072	7.992	2.201	0.896	3.587	8.363	18.479	0.704
Madrid	165.247	3,295.48	86,727	24,127	9,724	39,287	87,027	192,717	7,427
Paris	165.247	3,295.48	86,727	24,127	9,724	39,287	87,027	192,717	7,427
New York	1.358	2.716	7.192	1.992	0.799	3.197	7.429	16.459	0.634
Porto	165.247	3,295.48	86,727	24,127	9,724	39,287	87,027	192,717	7,427
Zurich	2.201	4.416	11.977	3.364	1.358	5.517	13.930	30.995	1.210
1 BCU	1.358	2.716	7.192	1.992	0.799	3.197	7.429	16.459	0.634
1 SDR	1.358	2.716	7.192	1.992	0.799	3.197	7.429	16.459	0.634

INTEREST RATES

Eurocurrency Deposits									
	Dollar	D-Mark	Yen	£	FF	S-F	S-P	S-J	S-K
1 month	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
3 month	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
6 month	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
1 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
2 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
3 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
4 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
5 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
10 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
15 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
20 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
25 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
30 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
35 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
40 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
45 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
50 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
55 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
60 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
65 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
70 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
75 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
80 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
85 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
90 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
95 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
100 year	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00

E. Germans

Said to Ask Bonn Loan

Total \$371 Million Reportedly Sought

By John Tagliabue
New York Times Service

BONN—The East German government, faced with a severe shortage of cash for meeting its debt payments to Western countries, is seeking hard currency loans totaling the equivalent of \$371.7 million from West Germany, banking sources said Thursday.

If they are approved, it would be the second time in six months that Bonn has stepped in with massive loans to ease an acute East German liquidity squeeze.

In June, Bonn agreed to guarantee the same amount of bank loans to East Germany, in what was the largest sum ever lent to the East Germans by West German banks, and the first time that loans had been made without linking them to specific business transactions.

Senior government officials say Chancellor Helmut Kohl is reluctant to approve the new loans because of disappointment that the June loans failed to markedly improve relations between Bonn and East Berlin, for example, by easing restrictions on contacts between people in both German states.

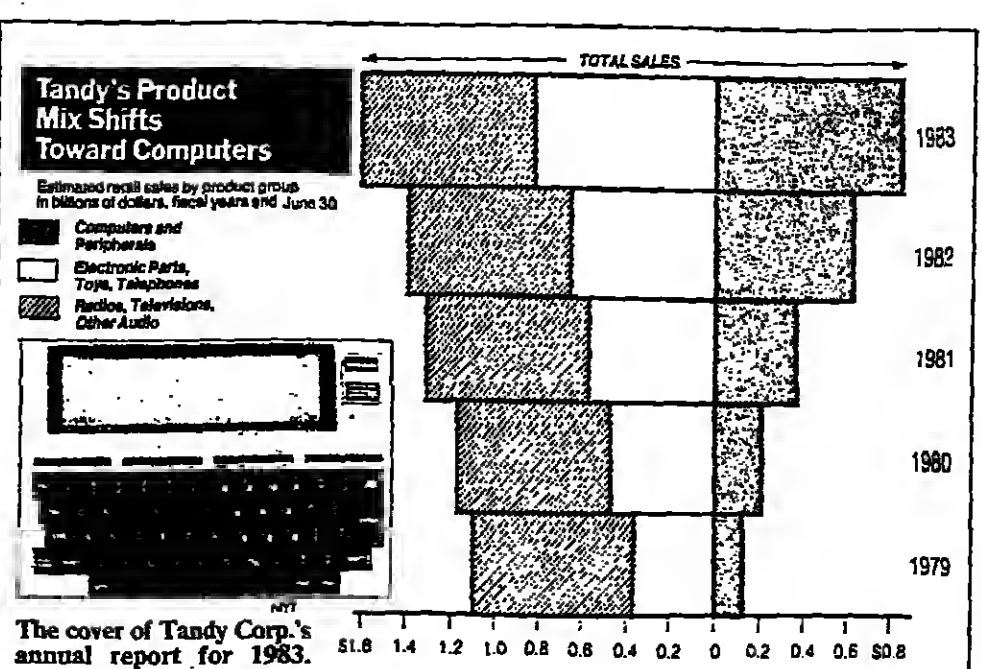
But influential political leaders, including the conservative Bavarian premier, Franz Josef Strauss, are evidently pressuring the government to accede to the request, to ease relations with the East in the wake of Bonn's decision to station new U.S. nuclear missiles on its territory.

Mr. Strauss and the Bavarian central bank played an important role in arranging last June's loan package.

In an interview with a weekly business publication, Mr. Strauss said East Germany had fulfilled pledges it made in connection with those loans.

Alluding to appeals by the East German leader Erich Honecker to limit damage to East-West relations caused by the missile deployment, Mr. Strauss, in a thinly veiled endorsement of the new loans, said it was Mr. Kohl's responsibility to assure that the East German leader.

(Continued on Page 13, Col. 3)



Tandy's New Personal Computer to Test Firm's Traditional Marketing Strategy

New York Times Service

FORT WORTH—Tandy Corp., the world's largest and one of the most profitable retailers of consumer electronic products, got that way emphasizing price, distribution and service.

It owns and operates more electronics stores than anyone with its worldwide Radio Shack chain. Its employees are generally knowledgeable; its products are widely regarded as inexpensive and reliable.

"We consider ourselves a distribution system for the products of technology," says its chairman, John V. Roach.

On Wednesday, Tandy began perhaps the severest test to date for that distribution system, and indeed for the company's entire marketing strategy.

In Las Vegas, at Comdex, the premier trade show of the personal computer industry, Mr. Roach introduced Tandy's strongest entry into the business computer market, a machine that is nearly compatible with International Business Machines Corp.'s Personal Computer, which is coming to dominate the corporate market.

In introducing the Tandy TRS-80 Model 2000, the company has also made several strategy changes in an attempt to increase its share of the corporate computer market.

Tandy executives said the new machine would be faster than the IBM computer, would have more disk storage capacity and would be less expensive. The Model 2000 will sell for \$2,750 and will include 128,000 characters of internal memory and two floppy disk drives, each capable of storing 720,000 characters, roughly twice as much as the IBM disk drives. A Model 2000 with 256,000 characters of internal memory, a 10-million-character hard disk and a floppy disk drive will sell for \$4,250.

While the Tandy machine does appear to be several

BP Net Income Increased 52% In 3d Quarter

By Bob Hagerty
International Herald Tribune

LONDON—Gains on currency translation and an increase in North Sea oil output helped raise British Petroleum's third-quarter profit 52 percent from a year earlier, the company said Thursday.

BP reported profit of £324 million (£473 million) on sales of £28.03 billion, up 11 percent. For the first nine months, profit grew 33 percent to £617 million, and sales rose 10 percent to £23.53 billion.

The company, which is 32 percent owned by the government, had an unexpectedly large gain of £98 million on its inventory value at the pretax level. The strength of the dollar pushed up the sterling value of oil stocks.

Stripping out the currency factors, the results were broadly in line with expectations. BP shares closed at 416 pence, up 2 pence on the day.

While the strong dollar flattered BP's bottom line, it hurt profit margins in the company's European refining and marketing operations. The rise in the dollar, which is used in pricing crude oil, boosted raw material prices faster than BP could raise prices on oil products.

Earnings from exploration and production rose sharply as output increased in the huge North Sea Forties Field and a new field, Magnus, went into production.

The chemical division shrank its operating loss to £33 million from £64 million a year before. But David Grav, an oil analyst at James Capel & Co., said the market was disappointed that the chemical loss was considerably bigger than the second quarter's £18-million deficit.

Standard Oil Co. (Ohio), in which BP owns 53 percent, contributed £192 million to profit, up 25 percent from a year before. The dollar's rise magnified Sohio's contribution.

BP continues to reap rewards from cost-cutting moves. In Europe, the company has decreased refinery capacity by nearly 40 percent in the past two years.

Analysis is watching for reports of results from exploration in the Mukluk Field in the Beaufort Sea off Alaska. Sohio began drilling there Nov. 1, and early indications of the results are expected soon.

Hopes are also high for prospects in the South China Sea, where BP began drilling Nov. 6. The company reported that its recent sale of 11.65 percent of the North Sea Forties Field will create an after-tax profit of about £200 million. The profit is to be included as an extraordinary item in the year-end accounts. BP sold the acreage to oil companies that could bring more tax benefits out of it.

For all of 1983, analysts are looking for BP to produce a profit of about £900 million, compared with £712 million in 1982.

Big Retailers In U.S. Report A Good Month

The Associated Press

NEW YORK—The major U.S. retailers have reported strong sales in November—generally a good indicator that a brisk holiday season will follow.

Sears, Roebuck & Co., the country's largest retailer, said November sales had risen 11.4 percent to \$2 billion, from \$1.8 billion in November 1982.

Kmart Corp., No. 2 in the nation last year, reported a November sales gain of 10.5 percent to \$1.52 billion, from \$1.38 billion last year.

Third-ranked J.C. Penney Co. said its store and catalog sales were up 8 percent to \$1.1 billion from \$1 billion a year ago.

Chairman William R. Howell said sales accelerated significantly during Thanksgiving week, "reflecting strong shopper interest in holiday buying."

F.W. Woolworth Co., No. 5, said sales in the four-week period were \$449 million, up 7.4 percent from \$418 million.

Big AT&T Trades Mark Mixed Session on NYSE

The Associated Press

NEW YORK—New York Stock Exchange prices were mixed in active trading Thursday as two more massive blocks of American Telephone & Telegraph Co. changed hands.

Telephone, oil, auto and airline issues paced the gainers, while retail stocks fell despite improved sales reports. Mining, paper and drug stocks also retreated.

The Dow Jones average of 30 industrials, which fell 11.18 from a record high on Wednesday, slipped another 0.92 to 1,275.10. But the Dow Jones transportation average rose. Declines were 8-7 ahead of advances on the New York Stock Exchange, whose composite index was unchanged at 96.19.

Big Board volume slowed to 106.97 million shares from 120.13 million on Wednesday.

The mixed showing "reflects that time of year when you have a lot of crosscurrents and a lot of transactions are made for tax reasons more than anything else," said Newton D. Zinder, senior vice president of E.F. Hutton & Co.

Some investors are taking profits after the market's sharp runup earlier this week, and institutional investors are switching stocks in and out of their portfolios before year-end, Zinder added.

"Old" AT&T rose 1/4 to 64 1/2—the price at which a 5 million-share block traded for a record dollar value of \$328.8 million. The previous record was set on Wednesday when a 4.7 million-share block of "old" AT&T traded at 64 1/4, or \$301.4 million.

"New" AT&T rose 1/4 to 20 1/2 after a twin 5 million-share block crossed the tape at 20 1/4. A 6.35 million-share block of that issue at 20 1/4 traded on Wednesday.

"New" AT&T, representing the slimmed-down version of the company after its planned Jan. 1 breakup, is trading on a when-issued basis in transactions now for settlement after the breakup is completed.

Shares of the seven regional telephone companies that will emerge from AT&T's breakup also advanced in when-issued trading. Each company's volume included 500,000 share blocks.

BellSouth rose 1/4 to 88 1/4. U.S. West gained 1/4 to 57 1/4 and Ameritech rose 1/4 to 62 1/4.

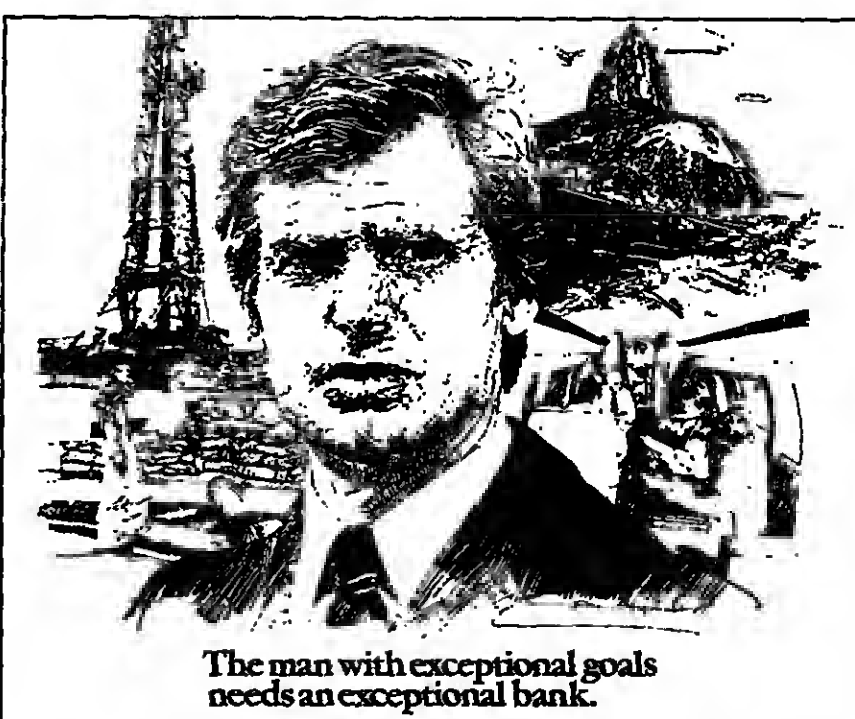
In the computer sector, International Business Machines rose 1/4 to 118 1/4 after falling 4 1/4 on Wednesday.

The commission refused to allow \$108 million in administrative expenses to be passed on to customers, ruling that Bell System stockholders should bear that expense.

The agency also questioned another \$279 million in expenses for rearranging local and long-distance networks to accomplish the breakup. It said it would seek more information from AT&T before ruling on that expense.

The antitrust settlement requires AT&T to give up ownership of local Bell companies but allows it to keep its long-distance operations, its Western Electric Co. manufacturing unit and the Bell Laboratories. The local Bell companies, meanwhile, will be divided among seven new regional companies and will continue to provide local service and retain Yellow Pages directories.

The FCC's review centered primarily on the division of assets that are used for interstate long-distance communications, particularly the telephone lines and microwave radio links that form much of the backbone of AT&T's network. Each of the microwave links, for example, must be licensed by the commission.



What makes TDB exceptional? Above all, our personal service.

Personal service is more than just a tradition at TDB—it's one of the basic reasons for our success over the years. And it makes an important difference to our clients, in a number of ways.

In fast decisions, for example. At TDB you don't have to waste time going through endless "channels." The executive you talk to makes sure that your requirements are brought directly to the people who decide. We make it a point to avoid red tape and bottlenecks.

We assign an experienced bank officer to your account and he is personally responsible for seeing that things get done on your behalf, whatever the service. So you can be sure your instructions are carried out promptly, intelligently and to the letter.

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If TDB sounds like the sort of bank you would entrust with your business, get in touch with us. Now that we have joined American Express International Banking Corporation, with its 64 offices in 36 countries, we are even better placed to serve your individual banking needs.

TDB banks in Geneva, London, Paris, Luxembourg, Athens, Chios, Monte Carlo, Nassau, Panama City.

TDB is a member of the American Express Group, which has assets of over US\$ 28 billion and shareholders' equity of over US\$ 3 billion.



Trade Development Bank

As TDB has grown, it has maintained the tradition of personal service that is one of its major strengths. Experienced account officers coordinate the bank's worldwide activities to serve individual clients effectively, wherever they do business.

An American Express Company

NYSE Most Actives

Vol.	High	Low	Close	Chg.
ATT	24.5	24.0	24.0	-0.5
IBM	170.0	168.0	168.0	-2.0
GE	28.0	27.5	27.5	-0.5
Chrysler	35.0	34.0	34.0	-1.0
General Motors	35.0	34.0	34.0	-1.0
United Technologies	35.0	34.0	34.0	-1.0
Boeing	35.0	34.0	34.0	-1.0
Rockwell International	35.0	34.0	34.0	-1.0
Lockheed	35.0	34.0	34.0	-1.0
Northrop	35.0	34.0	34.0	-1.0
Grumman	35.0	34.0	34.0	-1.0
McDonnell Douglas	35.0	34.0	34.0	-1.0
Boeing	35.0	34.0	34.0	-1.0
Rockwell International	35.0	34.0	34.0	-1.0
Lockheed	35.0	34.0	34.0	-1.0
Northrop	35.0	34.0	34.0	-1.0
Grumman	35.0	34.0	34.0	-1.0
McDonnell Douglas	35.0	34.0	34.0	-1.0

Dow Jones Averages

Index	High	Low	Close	Chg.
Indus	2,825.14	2,815.14	2,815.14	-10.00
Trans	2,825.14	2,815.14	2,815.14	-10.00
Comp	2,825.14	2,815.14	2,815.14	-10.00

NYSE Index

Index	High	Low	Close	Chg.
Composite	110.22	109.84	109.84	-0.38
Industrials	110.22	109.84	109.84	-0.38
Utilities	110.22	109.84	109.84	-0.38
Finance	110.22	109.84	109.84	-0.38

NYSE Dividends

Index	High	Low	Close	Chg.
Advanced	110.22	109.84	109.84	-0.38
Declined	110.22	109.84	109.84	-0.38
Unchanged	110.22	109.84	109.84	-0.38
Total Issues	110.22	109.84	109.84	-0.38
New Issues	110.22	109.84	109.84	-0.38
Volume down	110.22	109.84	109.84	-0.38

Odd-Lot Trading in N.Y.

Index	High	Low	Close	Chg.
Nov. 22	110.22	109.84	109.84	-0.38
Nov. 23	110.22	109.84	109.84	-0.38
Nov. 24	110.22	109.84	109.84	-0.38
Nov. 25	110.22	109.84	109.84	-0.38
Nov. 26	110.22	109.84	109.84	-0.38
Nov. 27	110.22	109.84	109.84	-0.38
Nov. 28	110.22	109.84	109.84	-0.38
Nov. 29	110.22	109.84	109.84	-0.38
Nov. 30	110.22	109.84	109.84	-0.38

Thursday's NYSE Closing

Vol. 4 p.m.	166,766,000
Prev. 4 p.m. Vol.	126,336,000
Prev. Consolidated Close	117,339.61

Tables include the nationwide prices Up to the closing on Wall Street

AMEX Dividends

Index	High	Low	Close	Chg.
Advanced	110.22	109.84	109.84	-0.38
Declined	110.22	109.84	109.84	-0.38
Unchanged	110.22	109.84	109.84	-0.38
Total Issues	110.22	109.84	109.84	-0.38
New Issues	110.22	109.84	109.84	-0.38
Volume down	110.22	109.84	109.84	-0.38

NASDAQ Index

Index	High	Low	Close	Chg.
Composite	2,825.14	2,815.14	2,815.14	-10.00
Industrials	2,825.14	2,815.14	2,815.14	-10.00
Utilities	2,825.14	2,815.14	2,815.14	-10.00
Finance	2,825.14	2,815.14	2,815.14	-10.00

AMEX Most Actives

Vol.	High	Low	Close	Chg.
IBM	170.0	168.0	168.0	-2.0
GE	28.0	27.5	27.5	-0.5
Chrysler	35.0	34.0	34.0	-1.0
General Motors	35.0	34.0	34.0	-1.0
United Technologies	35.0	34.0	34.0	-1.0
Boeing	35.0	34.0	34.0	-1.0
Rockwell International	35.0	34.0	34.0	-1.0
Lockheed	35.0	34.0	34.0	-1.0
Northrop	35.0	34.0	34.0	-1.0
Grumman	35.0	34.0	34.0	-1.0
McDonnell Douglas	35.0	34.0	34.0	-1.0

Dow Jones Bond Averages

Index	High	Low	Close	Chg.
Govt	110.22	109.84	109.84	-0.38
Corp	110.22	109.84	109.84	-0.38
Muni	110.22	109.84	109.84	-0.38
Intl	110.22	109.84	109.84	-0.38

AMEX Stock Index

Index	High	Low	Close	Chg.
Nov. 22	110.22	109.84	109.84	-0.38
Nov. 23	110.22	109.84	109.84	-0.38
Nov. 24	110.22	109.84	109.84	-0.38
Nov. 25	110.22	109.84	109.84	-0.38
Nov. 26	110.22	109.84	109.84	-0.38
Nov. 27	110.22	109.84	109.84	-0.38
Nov. 28	110.22	109.84	109.84	-0.38
Nov. 29	110.22	109.84	109.84	-0.38
Nov. 30	110.22	109.84	109.84	-0.38

12 Month High Low Stock Div. Yld. PE

A									
174	87	AAR	4.1	2.3	18	192	139	139	139
174	29	ACF	1.40	2.4	18	192	139	139	139
174	174	ACI	1.40	2.4	18	192	139	139	139
174	174	ACM	1.40	2.4	18	192	139	139	139
174	174	ACN	2.17	3.5	17	5161	387	374	374
174	174	ACR	1.40	2.4	18	192	139	139	139
174	174	ACS	1.40	2.4	18	192	139	139	139
174	174	ACT	1.40	2.4	18	192	139	139	139
174	174	ACU	1.40	2.4	18	192	139	139	139
174	174	ACV	1.40	2.4	18	192	139	139	139
174	174	ACW	1.40	2.4	18	192	139	139	139
174	174	ACX	1.40	2.4	18	192	139	139	139
174	174	ACY	1.40	2.4	18	192	139	139	139
174	174	ACZ	1.40	2.4	18	192	139	139	139
174	174	ADA	1.40	2.4	18	192	139	139	139
174	174	ADB	1.40	2.4	18	192	139	139	139
174	174	ADC	1.40	2.4	18	192	139	139	139
174	174	ADD	1.40	2.4	18	192	139	139	139
174	174	ADE	1.40	2.4	18	192	139	139	139
174	174	ADF	1.40	2.4	18	192	139	139	139
174	174	ADG	1.40	2.4	18	192	139	139	139
174	174	ADH	1.40	2.4	18	192	139	139	139
174	174	ADI	1.40	2.4	18	192	139	139	139
174	174	ADJ	1.40	2.4	18	192	139	139	139
174	174	ADK	1.40	2.4	18	192	139	139	139
174	174	ADL	1.40	2.4	18	192	139	139	139
174	174	ADM	1.40	2.4	18	192	139	139	139
174	174	ADN	1.40	2.4	18	192	139	139	139
174	174	ADO	1.40	2.4	18	192	139	139	139
174	174	ADP	1.40	2.4	18	192	139	139	139
174	174	ADQ	1.40	2.4	18	192	139	139	139
174	174	ADR	1.40	2.4	18	192	139	139	139
174	174	ADS	1.40	2.4	18	192	139	139	139
174	174	ADT	1.40	2.4	18	192	139	139	139
174	174	ADU	1.40	2.4	18	192	139	139	139
174	174	ADV	1.40	2.4	18	192	139	139	139
174	174	ADW	1.40	2.4	18	192	139	139	139
174	174	ADX	1.40	2.4	18	192	139	139	139
174	174	ADY	1.40	2.4	18	192	139	139	139
174	174	ADZ	1.40	2.4	18	192	139	139	139
174	174	AEA	1.40	2.4	18	192	139	139	139
174	174	AEB	1.40	2.4	18	192	139	139	139
174	174	AEC	1.40	2.4	18	192	139	139	139
174	174	AED	1.40	2.4	18	192	139	139	139
174	174	AEE	1.40	2.4	18	192	139	139	139
174	174	AEF	1.40	2.4	18	192	139	139	139
174	174	AEG	1.40	2.4	18	192	139	139	139
174	174	AEL	1.40	2.4	18	192	139	139	139
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174	174	AER	1.40	2.4	18	192	139	139	139
174	174	AES	1.40	2.4	18	192	139	139	139
174	174	AET	1.40	2.4	18	192	139	139	139
174	174	AEU	1.40	2.4	18	192	139	139	139
174	174	AEV	1.40	2.4	18	192	139	139	139
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174	174	AFD	1.40	2.4	18	192	139	139	139
174	174	AFE	1.40	2.4	18	192	139	139	139
174	174	AFG	1.40	2.4	18	192	139	139	139
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174	174	AFR	1.40	2.4	18	192	139	139	139
174	174	AFS	1.40	2.4	18	192	139	139	139
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174	174	AFX	1.40	2.4	18	192	139	139	139
174	174	AFY	1.40	2.4	18	192	139	139	139
174	174	AFZ	1.40	2.4	18	192	139	139	139
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174	174	AGD	1.40	2.4	18	192	139	139	139
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CARIBBEAN/CENTRAL AMERICAN TRADE AND DEVELOPMENT

A SPECIAL REPORT

FRIDAY, DECEMBER 2, 1983

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U.S. Policy Hardens as Reagan Sees Threat to Area's Stability

By John M. Goshko
WASHINGTON — When Theodore Roosevelt was president, he once concluded a discussion of Central America and the Caribbean by exclaiming: "These wretched republics cause me a great deal of trouble."

Now, as the worldwide reactions to the U.S. intervention in Grenada have made clear, Ronald Reagan is having similar thoughts.

To most of the world, the Grenada invasion may have looked like overkill. It was a situation that pitted a superpower against an eastern Caribbean ministe with 106,000 people.

Mr. Reagan's move against Grenada came less than a week after Grenada's Cuban-trained military seized power and killed Prime Minister Maurice Bishop and 16 others. Mr. Bishop and his self-proclaimed "radical leftist" government had seized power in 1979.

The action was the latest and most dramatic sign of the Reagan administration's fear that the Caribbean could become an area of instability and radicalism threaten-

ing the security of the United States.

Behind that fear is the administration's conviction that President Fidel Castro of Cuba, backed by the Soviet Union, is intent on exploiting social and economic unrest to create a "revolution without frontiers" that will ripple through the islands and Central America and lap up against the southern borders of the United States.

In seeking to contain this perceived threat, the administration, over the last three years, effectively has transformed U.S. policy into an updated version of what was known in Theodore Roosevelt's time as "the Roosevelt corollary to the Monroe Doctrine" — the idea that the Caribbean is a U.S. "lake" where the United States is obliged to intervene when its interests are threatened.

Within weeks of taking office in 1980, Mr. Reagan began U.S. assistance to El Salvador's campaign against leftist insurgency. He subsequently broadened U.S. involvement in the isthmus through a series of controversial moves against the pro-Cuban, Sandinist regime in

Nicaragua, including covert support for guerrilla groups fighting Sandinist rule and massive, show-of-force naval and land maneuvers in the area.

When U.S. policymakers talk about the "Caribbean Basin," they are referring to an area framed on the eastern side by the string of islands stretching 2,000 miles (3,200 kilometers) through the Caribbean Sea between the Bahamas and Trinidad and on the west and south by the contiguous land mass that includes Mexico, Central America and the northern tier of South American countries.

In addition to its obvious strategic relationship to the Panama Canal and international shipping routes, the region is an important center of U.S. trade and investment, providing, among other things, two-thirds of the bauxite required by the U.S. aluminum industry.

The area is the largest source of illegal immigration into the United States. It also provides the routes across which most illegal narcotics

(Continued on Following Page)

Recession, Debt Bring New Tensions

By Robert Henriques Girding

WASHINGTON — The combined effects of debt and recession in the industrialized world have resulted in increased economic hardships and political tensions in the Caribbean Basin.

Within this region, 22 of the 27 countries covered by the Caribbean Basin Initiative, the U.S. package of aid and trade incentives, owe foreign creditors an estimated \$28 billion. This is about 60 percent of these countries' combined gross national product.

However, there are important distinctions between the island states of the Caribbean and the

countries of Central America that are part of this region. Common to both has been a pattern of debt-financed industrialization and what Nobel Laureate Sir Arthur Lewis, a native of the Caribbean Basin, called "living beyond our means."

Capital flight and war recently have provoked indebtedness. An economist at an international financial institution put it bluntly: "The rich Central Americans are refusing to pay their taxes. They're putting their dough into banks in Miami and Panama. They just don't have any faith in their governments."

Unrecorded capital flight from Central America in 1981 was estimated by an economist with U.S.-based Wells Fargo Bank at \$750 million, more than the total amount of net capital inflows.

Worried about the prospects of default in the big countries — Mexico and Brazil — and facing contracting loanable funds, the banks are refusing to extend credit to the small countries. Smaller banks have strongly opposed new term loans to the region and a few have chosen to write off debt rather than

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Atlantic Council Report

Special to the IHT

PARIS — The growing economic and strategic importance of the Caribbean Basin cannot be ignored by the United States and its Western allies, and they must focus "concerted and sustained attention" on the region to offset growing Cuban and Soviet influence, according to a policy paper by the Washington-based Atlantic Council of the United States, a private, bipartisan organization for the study of foreign policy.

"If the United States and Western Europe are to defend their interests and make a positive contribution to the region, policies must be developed that are consistent, enjoy broad domestic support and can be sustained over the long term," the paper went on.

The report, "Western Interests and U.S. Policy Options in the Caribbean Basin," was written by a broadly based group of 50 experts

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A Centerpiece for the Reagan View

By David Vidal

WASHINGTON — The Reagan administration's Caribbean Basin Initiative, regarded by proponents as a unique blend of aid, trade, investment and tax policies to stimulate economic development, and by skeptics as an inadequate and overly politicized plan, is about to disburse its first trade benefits to a group of willing recipient countries.

Next Jan. 1, the part of the CBI legislation granting duty free access to the U.S. market for certain products from the Caribbean and Central American nations for a period of 12 years takes effect. It is the centerpiece of the Reagan adminis-

tration's view that Third World development is best achieved through market-oriented policies and private-sector investment rather than through government-to-government assistance.

A total of 27 nations in the Caribbean Basin, Cuba excluded, are named as potential beneficiaries of the plan in legislation approved by the Congress this summer and signed into law on Aug. 5 as the Caribbean Basin Economic Recovery Act of 1983. State department officials currently are engaged in talks with a group of 8 to 10 countries that are expected to be "designated" beneficiaries and announced by December.

The process of "designation" is required in the law, since beneficiary countries must meet 18 specific criteria to qualify for this status — seven of which are mandatory — and also be willing to agree to a number of peripheral requirements that were tacked onto the main CBI law, if they are to gain the benefit of tax incentives, for example.

Although Cuba was included as a potential beneficiary of the CBI in the original 1982 administration bill as "a symbolic gesture," according to officials in Washington, Congress deleted that country's specific mention. And an additional requirement that no communist

(Continued on Following Page)



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CARIBBEAN/CENTRAL AMERICAN TRADE AND DEVELOPMENT

Reagan Hardens U.S. Policy on Region

(Continued From Preceding Page)

Many critics, both in the United States and Latin America, believe that Mr. Reagan is making a mistake in attempting to contain the Cuban threat through military actions and aid programs, such as the Caribbean Basin Initiative, that treat the region as a monolithic entity.

According to this argument, even the term "Caribbean Basin," which seems to represent a logical geographical grouping, is based on

a premise that fails to take into account the differences of culture, language and social development between former Spanish, British, French and Dutch colonies.

Also, the era of U.S. "gunboat diplomacy" and its accompanying contingents of U.S. Marines is vividly remembered and bitterly resented in Central America. Nicaragua's Sandinistas, for example, named their movement in pointed homage to Augusto César Sandino, a nationalist who led an insurrection against U.S. occupation in the 1920s.

In later years, the United States switched to a new way of preserving the status quo. It put responsibility for keeping the region quiet on local strongmen — Batista in Cuba, Trujillo in the Dominican Republic, Somoza in Nicaragua — who, in exchange for U.S. backing within their respective domains, could be counted on to act as surrogates for U.S. interests.

But the rise of Mr. Castro in Cuba and, two decades later, of the Sandinistas in Nicaragua demonstrated that this system could no longer work.

Mr. Reagan's critics contend that he has failed to understand that lesson. They charge that his talk of promoting democracy and human rights in Central America is only a cover for continued U.S. cooperation with repressive regimes in El Salvador and Guatemala and that the U.S. emphasis on military solutions is doomed to failure because it does not meet popular yearnings in these countries for far-reaching structural changes. Now, the Grenada situation has raised a new charge: that Mr. Reagan is indiscriminately extending a reliance on force from the Central American arena to a different set of problems in the English-speaking islands. These countries, with their British heritage and continuing Commonwealth ties, have maintained a careful distance from their Spanish-speaking neighbors and take great pride in their democratic traditions.

That does not mean they do not have a full share of problems. In particular, the smaller islands like Grenada, Dominica (population 78,000), Antigua (70,000), St. Lucia (120,000) and St. Vincent (112,000) are relics of old plantation economies with glaring disparities of income and a lack of resources so severe that some habitually have unemployment rates of 30 to 50 percent. In recent years, these conditions have caused periodic waves of labor strikes, demonstrations and other forms of confrontation with government. In Grenada, it led to a 1979 coup that ousted a notoriously corrupt government, installed a group with openly pro-Cuban leanings and set in train the strains with the United States that led to the Oct. 25 intervention. But, even those Caribbean countries like Jamaica and Barbados that joined forces with the United States have been careful to insist that Grenada was a unique situation. They have backed Mr. Reagan's contention that the bloodletting that broke out among Grenada's leaders had created a vacuum of power. The vacuum was power was seen as a potential danger to neighboring republics and to U.S. citizens on the island.

Still, there seems to be almost unanimous feeling among the island republics that the way to deal with Cuban subversion is through greatly increased development aid, trade and investment, rather than relying on military force to rein in Mr. Castro. There seems to be a growing fear in the islands that Grenada could turn out to be a precedent that draws the entire region into a widened sphere of increased U.S.-Cuban tensions with the potential for spreading military involvement.

Recession, Debt New Bring Tensions

(Continued From Preceding Page)

increase their exposure. That makes it difficult for debt-ridden countries to roll over maturing loans. Jamaica, despite the warm embrace of U.S. President Ronald Reagan, who endorses the government's strongly pro-capitalist stance, has tried unsuccessfully for six months to raise \$200 million in loans from U.S. and European banks. Without cash, such debt-ridden countries will be forced to curtail imports drastically.

In the past year, six countries have had difficulty servicing debts and have been forced to renegotiate with their creditors, a painful and costly process. One former Caribbean minister remarked, "So much expensive time and energy is being spent by senior government officials traveling around the world managing the debt, that there is no time to devote to development plans or tax reform... It's sheer folly."

Five other countries are behind in repayment. Total debt for the region is estimated at \$21 billion of "publicly held and guaranteed debt." However, the total debt including short-term supplier credits and nonguaranteed debt is probably close to \$28 billion. No one knows how much of the nonguaranteed debt is owed by whom to whom.

The World Bank, which is the official recorder of international debt statistics, reports Costa Rica's debt at nearly \$2.5 billion; unofficial estimates have been placed at \$3.8 billion.

By these estimates, of the total debt, the Caribbean owes \$8.8 billion (including an estimated \$1.8 billion owed by Cuba to Western creditors), while Central America owes \$11.4 billion.

The countries with the biggest debts are Panama with \$2.8 billion, Costa Rica with \$2.5 billion and Jamaica with \$2.3 billion.

The level of debt — \$2 billion in 1970 in external indebtedness — has increased more than 10 times. In the past five years, it has jumped 350 percent. The reluctance of banks to lend further is likely to slow the rate of increase.

Declining maturities have caused hardships. In 1975, Costa Rican debt had an average maturity of 17 years; that fell to nine years in 1981. In 1982, the country could not meet its payments, and the debt was renegotiated. The average grace period doubled, and now the average maturity is 20 years.

Interest rates are widely scattered. Panama pays 14 percent on its debt and the Bahamas 19.6 percent. In El Salvador, the interest rate is 3.7 percent, a product of U.S. government-subsidized loans.

On a per capita basis, debt has risen dramatically. In 1970, each Jamaican resident owed \$152 to foreign creditors. Today the figure is more than \$1,000, uncomfortably close to the island's gross national product.

As a result of rising indebtedness, a growing number of countries are operating under International Monetary Fund stabilization programs. These have required drastic measures such as cutbacks in social programs and devaluations.

Currently, 10 of the region's countries are under IMF stabilization programs. Regular monitoring attempts to assure that the countries meet performance targets laid down by the IMF. But with the increasing difficulty of the international economy and particularly the decline in commodity prices, countries are having difficulty meeting the targets.

Recently, El Salvador's government was only able to meet the IMF conditions after the U.S.

Agency for International Development transferred \$109 million to the country.

Service costs have risen at more than twice the pace of the overall debt. For example, in the Dominican Republic 20 years ago, 1 percent of the income from exports covered interest and principal. Today, more than one dollar in five earned from exports of sugar and minerals is required to service the debt.

That leaves little for essential imports of foodstuffs and medicines. Costa Rica pays more than 10 percent of its gross national product for interest on its debt. An economist with an international lending agency said: "We did some projections; there's no way they can be creditworthy — unless you write off the debt."

A World Bank economist, Chandra Hardy, said, "Countries used to ask, 'How much borrowing is needed to achieve a certain rate of economic growth?' Now major economic decisions follow after borrowers have determined how to meet overdue and future debt service."

"The real difficulty facing the region is precisely their inability to borrow enough money to meet their debt service payments and have something left for development."

There are also social costs of debt. In the Dominican Republic, the debt burden has diverted resources from health and education toward interest payments. The failure of the government to maintain health immunization and eradication programs has contributed to an outbreak of malaria and other epidemics. Several Dominican doctors recently reported that 40 percent of all illnesses can no longer be treated because of a shortage of imported medicines.

In Jamaica, government cutbacks have resulted in a severe shortage of nurses at the public hospitals and a breakdown in the educational system.

For the indebted nations of the Caribbean the international environment is crucial. "These countries are very much dependent on raw material exports," said William Cline of the Institute for International Economics in Washington. Since commodity prices are at a 30-year low, the balance of payments is strained.

The combined effects of the rising debt burden and declining raw material revenues boost the share of export earnings that must be devoted to debt service and increase the demand for balance of payments support.

As a result, several countries are forced to devote more than a fifth of their export earnings to debt service. Jamaica, the Dominican Republic and Costa Rica. Guyana's debt service is in excess of 100 percent of its export earnings. If there is a recovery in international commodity prices, the debt outlook will improve considerably. But "if there is no international recovery," said Mr. Cline, "those countries will be forced to use unorthodox rescheduling techniques. They will be forced to reschedule interest payments. The situation then becomes a lot more like the 1930s."

In any case, the next three years promise to be difficult. Short of a debt moratorium, there will have to be severe belt-tightening.

Robert Henriques Girling, a Jamaican-born economist, is Professor of Management and Economics at California State University at Sonoma. He is author of a forthcoming book "Multinational Institutions and the Third World" to be published in 1984.

Reagan Views Are Apparent In Plan

(Continued From Preceding Page)

country could be designated a beneficiary as one of the criteria.

Nicaragua, Grenada, Guyana and Surinam, all leftist governments at the time the bill was passed, were included in the group of 27 nations that technically can qualify for CBI benefits — if they meet the criteria and are so designated by the president.

The U.S. invasion of Grenada has opened the way for a whole new range of funds and activities independent of the CBI to be made available for an island that previously would have been disqualified because of its Marxist government. In addition to eventual beneficiary status under the CBI, U.S. officials have announced that Grenada will receive \$30 million more in aid, evenly divided between economic and military assistance.

Ironically, the United States' response to Grenada fulfills the minimum that aid given quickly is aid given twice, a maxim quoted last year by Prime Minister Eugenia Charles of Dominica. She was one of the Caribbean leaders most concerned with delays in implementation of the CBI and who had reservations about the slight attention given to infrastructure needs that require government-to-government assistance. This year, she was the only Caribbean leader present with President Ronald Reagan at a White House news conference after the invasion of Grenada.

The CBI plan is a three-pronged program that has been implemented in two stages corresponding to two different political environments in the Congress. The administration consistently has touted the program as one involving aid, trade and private investment.

When the first CBI bill was presented in 1982, only the emergency aid portion survived congressional scrutiny. It offered \$250 million to the entire region and gave an involved and controversial definition that included the island nations of the Caribbean and the historically and ethnically different nations of Central America.

A large portion of that aid, for example, went for U.S. efforts to support the government of El Salvador in its war against leftist guerrillas. This was objected to much of the early criticism of the CBI as a military assistance plan for Central America under the guise of an aid plan for the Caribbean.

At a time of domestic economic recession, Congress also proved unwilling to back the trade portions of the program, which labor unions feared would lead to the transfer of U.S. jobs overseas. This year that attitude changed and the trade and investment parts of the program, which had been reintroduced by the administration at a time of economic recovery, were approved in the second life of the CBI.

The major provision of this law calls for duty-free entry of any article "that is the growth, product or manufacture of a beneficiary country," as long as the direct costs of processing operations in the country is not less than 35 percent of the appraised value of an article at the time of entry to the U.S. market.

the world, with oil arriving from most of the major oil producers of the world — Venezuela, Mexico, Alaska, the Middle East, and Africa. The largest offshore refining centers are in the U.S. Virgin Islands, the Netherlands Antilles and Trinidad.

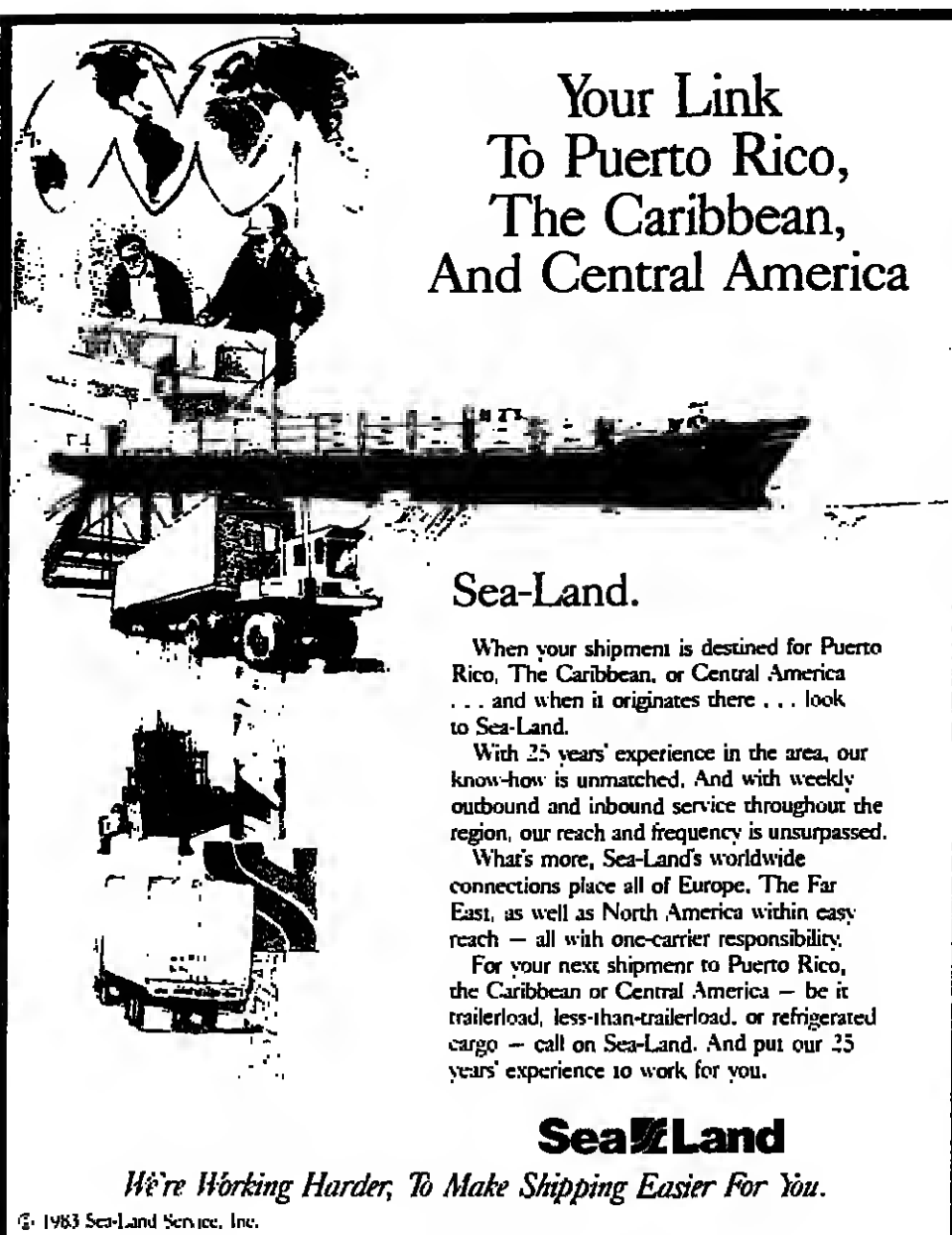
U.S. oil companies also are involved in refining on Martinique, Antigua and Barbados. Among the firms that operate in these countries are Amoco, Texaco, Exxon, Occidental, Tesoro Petroleum and Amerasia Hess.

No single U.S. investment in the Caribbean has grown so reliably in the past three decades as that of tourism. An array of U.S. investors ranging from the large airlines to small enterprises have moved into the Caribbean to service primarily U.S. tourists.

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Atlantic Council Report

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on Caribbean Basin affairs, and will be publicly released in Washington on Dec. 12. The report said that the Caribbean Basin's long-term problems and political instability, exacerbated by economic disruption, crises and the global recession, have been further "aggravated by Cuban and Soviet support for revolutionary forces."

It recommended that the United States "oppose" the setting up in the region of additional Cuban or Soviet military bases; institute a "counter-interventionist" policy to prevent the Soviet Union, Cuba and Nicaragua from arming and supporting guerrilla forces in the region; establish a clearinghouse for intelligence, and coordinate action with its allies in regard to Cuban and Soviet military and subversive action in the region.

It suggests that European allies can play "constructive roles" in the security of the area, and states that all NATO members have an interest in the ability of the United States to maintain open supply routes to Europe.

The policy paper specifically recommends that the United States:

- Formulate and implement a "comprehensive and imaginative" plan for economic development in the region, supported by bilateral and multilateral assistance and based on regional cooperation.
- Approve funding increases to the International Monetary Fund, the World Bank's International Development Association and the Inter-American Development Bank, as well as expand bilateral aid programs.
- Extend its security assistance efforts where warranted, including increasing military training programs as requested and expanding the role of the U.S. Coast Guard in the Eastern Caribbean.
- Promote regional political cooperation and peacekeeping, through the Contadora Group and through the Organization of American States, among other organizations.
- Exert "such leverage as it can" against perceived human rights abuses.

Direct Investment by U.S. Reaches \$4.4 Billion

This article is excerpted from the manuscript "Worldwide Investment and Disinvestment by U.S. Multinationals: Implications for the Caribbean and Central America."

By Marc W. Herold
DURHAM, New Hampshire — U.S. capital figures prominently in the Caribbean Basin in the most diverse forms.

There are Hardee's snack food outlets, Exxon refineries, Pillsbury's flour mills, Del Monte plantations and Maidenform bra workshops.

There are primarily six categories of U.S. investment: agribusiness and plantation holdings, manufacturing geared to the local

markets, investments in runaway shops or export manufacturing, banking and petroleum operations, mining and finance-related activities and tourism and service industries.

U.S. direct investment in Central America rose between 1973-1982 from \$1.5 billion to \$4.4 billion (of which two-thirds was in the trade and finance sectors).

The Caribbean islands, on the other hand, have been the site for more export-oriented investments, whether of the traditional mining and tourist sort or the more recent offshore oil-processing and banking type, or simply export manufacturing.

However, some recent export-oriented investment also can be found in Central America, particularly in apparel (Warnaco, Lovable, Worth Sport, Hirsch Enterprises) and electronics (Texas Instruments, Motorola) and in plantation agriculture (United Brands, Castle & Cooke, Del Monte).

A recent addition has been the introduction of shrimp farming and beef cattle. At least two-thirds of Central America's arable land now is devoted to cattle raising and 90 percent of that beef is shipped to the United States.

New investors tend to be small- and medium-size enterprises rather than the established multinational corporations. Recent U.S. commercial policies (especially the Caribbean Basin Initiative and actions of the Overseas Private Investment Corporation) have been aimed at strengthening the bilateral relationships between Caribbean nations and the United States.

Traditional investments in plantation agriculture still represent a major stake for a handful of U.S. corporations, namely Castle & Cooke (Honduras), R.J. Reynolds (via its Del Monte affiliates in Gua-

temala and Costa Rica), United Brands (Honduras, Costa Rica, the Dominican Republic, etc.), Gulf & Western (the Dominican Republic), and Hershey (Belize).

Manufacturing geared to the local market boomed through the 1960s, given special impetus by the formation of the Central American Common Market. By 1980, there were a minimum of 300 U.S. multinational investments in these types of market-oriented activities.

The other major area of U.S. manufacturing investment is in plants that assemble or manufacture products for export to the U.S. market. The Dominican Republic, Haiti and El Salvador host the largest number of such investments, with each country granting special tariff and tax concessions.

U.S. holdings in petroleum jumped from approximately \$1 billion in 1974 to \$2.4 billion in 1982. Most of the petroleum investments in Central America are concentrated in small import-substituting refineries.

The Caribbean as a whole is important as an oil-refining center for the U.S. market. It is one of the five major export-refining centers of

the world, with oil arriving from most of the major oil producers of the world — Venezuela, Mexico, Alaska, the Middle East, and Africa. The largest offshore refining centers are in the U.S. Virgin Islands, the Netherlands Antilles and Trinidad.

U.S. oil companies also are involved in refining on Martinique, Antigua and Barbados. Among the firms that operate in these countries are Amoco, Texaco, Exxon, Occidental, Tesoro Petroleum and Amerasia Hess.

No single U.S. investment in the Caribbean has grown so reliably in the past three decades as that of tourism. An array of U.S. investors ranging from the large airlines to small enterprises have moved into the Caribbean to service primarily U.S. tourists.

Mark Harold is associate professor of economic development and director of the economics program at the Whittemore School of Business and Economics, University of New Hampshire, Durham.

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Central America: Economic Decline

By Richard E. Feinberg
WASHINGTON — Central American economies present a grim panorama of disintegrating infrastructure, increasing unemployment, falling levels of savings and investment and evaporating foreign exchange reserves. Living standards have deteriorated steadily since 1979, and an early recovery is unlikely.

Adverse swings in the international economy have destabilized the open and vulnerable economies of Central America. Serious political conflict is frightening investors and impeding development planning. Moreover, the region's long-term development strategies, despite some notable achievements, have been seriously flawed.

When the international economy was more buoyant, the Central American economies prospered. During the 1960s and portions of the 1970s, expanding export markets absorbed a growing volume of the region's agricultural produce. As a result, the region grew at nearly 6 percent a year, and per capita income approached \$1,000 — about half that of Mexico but well above the subsistence levels common in sub-Saharan Africa. By 1981, Costa Rica led with \$1,400 per capita income, followed by Guatemala (\$1,100), Nicaragua (\$860), El Salvador (\$650) and Honduras (\$600).

The impressive growth rates achieved prior to 1978 also can be attributed to investment in export-oriented agriculture and the creation in 1960 of the Central American Common Market. The common-market created a regional free-trade zone protected against world competition by a common external tariff.

Local industry was stimulated by a widened and secure market. Industrial output rose from 12 percent of regional output in 1960 to nearly 17 percent in 1978. Trade among Central American countries jumped from virtually zero in 1960 to nearly \$900 million in 1978, with manufactures accounting for 95 percent of the total.

But just as global prosperity provided a powerful stimulus to growth, the global recession that hit in 1980 constricted Central America's economic horizons.

Central American governments tried to offset declining terms of trade by borrowing abroad. Yet at the same time that Central America's purchasing power collapsed, the price of capital rose. Commercially, Central American governments and private borrowers owe commercial banks about \$5 billion.

Caught in the twin vices of declining export prices and high interest rates, and of shrinking export markets and reduced access to new finance, the Central American economies have crumbled. All five economies are having trouble remaining current on debt service, and Nicaragua and Costa Rica have rescheduled their relatively large debts.

Desperate for cash and under pressure from official donors and commercial banks, all the states of the region except Nicaragua have signed stand-by arrangements with the International Monetary Fund. Typically, the IMF has required sharp reductions in budget deficits, cuts in government subsidies, higher local interest rates, and lower real wages.

When the international crisis hit, Central America's own development efforts were showing strains. Growing up behind high tariff walls and enjoying captive markets, much of the region's light industry was relatively inefficient and operated at low capacity utilization rates. Uncompetitive in world markets, the "hot house" industries could not generate the hard-currency exports needed to balance their import needs.

The region's development strategies (excepting Costa Rica and to a degree Honduras) also failed to address the existing unequal distribution of wealth and income. The conventional wisdom of the 1960s was "trickle down" development, whereby it was assumed that the benefits from growth would gradually spread to all sectors of the population. In Central America, the combination of high population growth and repressive governments kept wages low, and the already yawning gap between the poorest and the richest widened.

These development problems have been compounded by political instability. In the past four years, private capital flight totaled approximately \$2 billion to \$3 billion.

Economic recovery is possible in Central America, but will require an improved international economy, adjustments in development strategies and improved economic management, and reductions in political tensions. Global recovery is the key to Central America's future, but peace is another, perhaps more important, one.

Richard E. Feinberg is vice president of the Overseas Development Council in Washington and author of "The Intemperate Zone: The Third World Challenge to U.S. Foreign Policy." This article is adapted from a chapter in a forthcoming book on U.S. policy in Central America edited by Robert Leiken and published by the Carnegie Endowment for International Peace.



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CONTEL

CARIBBEAN/CENTRAL AMERICAN TRADE AND DEVELOPMENT

Imports Add to Economic Problems Of Developing Caribbean Nations

By Anthony P. Maingot
MIAMI—All Caribbean societies, with the exception of Cuba, are consumer societies. They are all, including Cuba, confronted with severe economic problems.

Because they are, with the exceptions of Cuba and Haiti, mostly democratic and highly unionized societies, it is often difficult to seek solutions through the curtailment of consumption.

This was evident in Trinidad during Christmas of 1982, when a total of 40 million Trinidad and Tobago dollars were spent on imported whisky and wines, 9.4 million on apples and grapes and 310 million on recreational travel (a 500 percent increase over 1977). While this surplus reflected public and private sector profligacy, the government's continued firing into an already bloated public service and its subvention of phenomenal losses in the state-owned steel industry (ISCOTT) indicated that the tendency was a national one.

The result of all this openhandedness was that in 1982 the Trinidad government ran a deficit of 3.3 billion TT dollars or 18.5 percent of the gross domestic product and had a \$25-million TT dollar shortfall in foreign exchange requirements. Both deficits were covered out of the savings and reserves accumulated during the 1974-80 explosion in oil production and prices. And as spending has continued, while oil earnings have been dropping, dipping into savings surely will have to be the case again in 1983.

On Oct. 10, the Trinidad and Tobago government, hoping to curb what the prime minister called a virtual hemorrhage of foreign exchange, issued new regulations governing the sale of foreign exchange and the issuing of import licenses. Trinidad had joined the rest of the Caribbean.

Jamaica, only months earlier, had established a two-tier exchange rate system in a similar attempt to stem the flow of imports.

Of the four major macroeconomic forces that make up the engine of growth and development—investments, net exports, consumption and government expenditures—the last two have definite and immediate socio-political configurations in the Caribbean.

Decisions in these areas will be made with as much an eye to political considerations as to economic consequences. The tastes and habits of the population sensitize elites to the need to sustain historical patterns of consumption and employment, often in the face of

declines in investments and export earnings.

The alternatives are not only indebtedness, but also measures that bent on resolving a local problem, wreak havoc with collective agreements such as the Caribbean Community and Common Market, or CARICOM.

CARICOM, formed as a regional trading organization by 13 small English-speaking Caribbean countries a decade ago, now faces the gravest threat yet to its integrity. Political differences, topped by dissension over the invasion of Grenada by U.S.-led forces, have exacerbated earlier disputes within the group over economic policies and problems.

As a trading entity, and with a collective market of 4.5 million, CARICOM developed a pattern of preferential trading arrangements. Import and export duties are to be waived on goods produced within the Common Market and sold to its members. The volume of trade between CARICOM members reached \$650 million last year.

As Trinidad's attempt to curtail imports applied also to imports from CARICOM, the garment, furniture and electrical appliance industries in Barbados, for example, felt the impact immediately and protested the action as a violation of CARICOM agreements. Whether this is so, it is perhaps less important than the fact that the incident does reflect the precarious state of the economies of the smaller states and of CARICOM itself.

To Trinidad, which earned 2 percent of its foreign exchange through CARICOM, the faltering of that collective arrangement would mean less than for Barbados, which earns 27 percent of its hard currency from exports to the Common Market, 61 percent of which is from exports to Trinidad.

The irony of the situation is that Barbados, typical of many other Caribbean countries, has made a purposeful effort to diversify its sugar monoculture economy by directing a good portion of its industrialization program towards Trinidad and Jamaican markets.

As elsewhere in the area, the sugar industry is in a crisis of both production and prices. In 1983, the privately owned Barbados industry had its lowest tonnage in 35 years.

This also was the case with state-owned Caroni in Trinidad. Even Cuba, with 75 percent of its arable land in sugar and with an advanced state of mechanization, is expected to be nearly one million tons short of its target. It is reported to be in the market for 150,000 tons to meet

commitments to the international sugar organization. While the reasons for such low productivity vary, the price of 27 cents a pound—down from 77 cents in 1980—hardly provides an incentive to Caribbean producers. With 41 percent of its export earnings coming from sugar, the Dominican Republic was particularly hard-hit by the price drop in 1982. Its real growth went from 5.8 percent in 1980 to 1.5 percent in 1982.

Thus, it is not only that each and every island economy is hurting, it is that crisis transcends both the type of economic system, as well as those carefully constructed collective schemes precisely intended to minimize the impact of declining world prices.

This is not only true of CARICOM, which is suffering the double impact of economic recession and political dissension over the Grenada invasion, but it also is true of the relationship with the European Community through the Lomé Convention, an economic agreement between the EC and Caribbean, Pacific and African nations.

It is clear that with this decline in



A supermarket in Panama: Variety of imported goods.

This is so because the guarantees of the convention cover those agricultural commodities that appear to have no real future in the region. The new sectors such as oil, bauxite, tourism and, increasingly, international services, such as offshore banking, are not covered.

The changing relationship is evidenced not so much in the English-speaking Caribbean exports to the EC—which at 43 percent of their total have shown a moderate, although steady, decline—but in their imports, which by 1977 stood at 10 percent.

It is clear that with this decline in

trade has come a decline in overall EC influence. This fact is evidenced by events in Surinam and Grenada where Holland and Britain have not been dominant factors. Nor are the so-called "middle powers"—Venezuela, Mexico and Brazil—able to fill the void, caught as they are in the double vise of declining terms of trade and increasing debt problems that are only quantitatively different from those of the Caribbean.

The established collective arrangements, therefore, are falling victim to the crisis in the area, as well as to internal, structural

changes in individual economies. Given this reality, the already strong U.S. presence in the region will no doubt intensify with the Caribbean Basin Initiative as its main instrument.

Anthony P. Maingot, a Trinidadian, is chairman of the department of sociology/anthropology and director of the graduate program in International Studies at Florida International University in Miami. He writes on Caribbean subjects for The Miami Herald and is associate editor of the Caribbean Review.

Initiative Project Gives Developing Economies Access to U.S. Markets

By Kevin Power

WASHINGTON—The economies of the Caribbean and Central American region experienced a slowdown during the 1970s, like much of the rest of the world.

Due in part to the staggering increase in the price of imported oil, it was aggravated in the Caribbean Basin by declining prices for coffee, sugar and bananas, some of the region's main exports.

From this experience, many of these countries realized that an export-based economy relying solely on traditional exports to generate growth left them vulnerable to the erratic price swings characteristic of agricultural commodities.

One result has been an increasing emphasis on industrialization to diversify the economic base to create employment, generate growth and earn foreign exchange.

Many of the countries' development plans have begun to emphasize the exporting of nontraditional products. Industrial development schemes generally provide added incentives for export-based industries.

Many countries also have established or have under construction a free zone, where exporters have access to shipping facilities, a pool of labor and freedom from exchange controls.

The Caribbean Basin Initiative, a U.S. package of aid and trade incentives to encourage manufacturing, has given an added boost to industrial development in this region. By providing access to the large consumer markets of the United States for most goods produced or assembled in the Caribbean Basin, the initiative has the potential to overcome the main obstacle to efficient industrialization.

One U.S. government study estimated that there are 68 large manufacturing complexes in the region that have significant idle capacity. Increased production in these plants under the initiative could generate \$225 million in income and provide 150,000 jobs during the next two years.

The Caribbean Basin Initiative in the long run is expected to benefit production-sharing operations between local Caribbean and U.S. companies. Production-sharing combines the higher labor skills and technology available in the United States and other developed countries to manufacture materials and components with the lower

cost of labor available in the Caribbean Basin for processing and assembly operations to produce finished goods for market.

Since 1970, U.S. imports under production-sharing arrangements have been increasing at a rate of more than 20 a year.

Foreign aid is one of the major resources available for the establishment of a basic infrastructure for the foreseeable future. The U.S. Agency for International Development, for instance, appropriated \$30 million in 1983 for the construction and maintenance of roads, the building of industrial parks and the expansion of factory space in the eastern Caribbean. Additional efforts by the French, British and Canadian governments have contributed to the strengthening of the infrastructure which is necessary to support an expanded industrial sector.

Kevin P. Power is an international business consultant and author of "The Caribbean Basin Trade and Investment Guide," to be published in February 1984.

More Workers, But Fewer Jobs

WASHINGTON—In the Caribbean and Central America, the numbers of new job seekers are increasingly increasing while job opportunities stagnate, experts said.

"Already these countries need a third more jobs than exist for those who want to work but can't find anything," said Robert Fox, a sociologist at the Inter-American Development Bank said of Central America. He added that 300,000 new jobs will be needed each year throughout the region, until the turn of the century, to accommodate the expanding population.

In the Caribbean, the population has been fairly stable over the last three decades, and the pressure for jobs has been severe. But this, said Roy Biderman, a sociologist, in a draft report for the Organization of American States, is due to massive migration out, mostly to Britain and the United States. He said the future for migration is "not promising."

Bad Times for the Region's Free Trade Zones

By William A. Orme Jr.

COLON, Panama—It is Christmas shopping time in the Colon Free Zone, but it does not look it. "This is a ghost town," said a zone merchant, surveying the unseasonably quiet avenues of this 400-hectare (nearly 900-acre) city within-a-city on Panama's Caribbean coast.

"It is safe to say that sales are down at least 50 percent from a year ago," said Jaime Mizrahi, another Free Zone trader and vice-president of the import-export center's users association. "Some Free Zone firms are as much as 80 percent below the levels of 12 months ago."

The Colon Free Zone, the oldest and biggest free trade zone in the Western Hemisphere, is suffering the most severe commercial contraction since its founding three decades ago. The downturn parallels and is directly provoked by the unprecedented trade drop affecting nearly all Latin America.

In 1981, the peak year for trade in both Colon and the entire Latin American region, the Free Zone imported \$2.3 billion in goods, mostly clothes and electronic products from East Asia, and re-exported \$2 billion, mostly to the then-

booming industrial economies of Latin America.

This year, neither imports nor exports will surpass \$1.5 billion. Total trade handled by the zone in 1983's first semester came to \$1.4 billion, compared to \$1.9 billion in the same period last year and \$2.2 billion in the first half of 1981. And so far, Mr. Mizrahi reports, this year's second semester looks "considerably worse" than the first.

Because it depends primarily on Latin American imports of consumer goods, the Colon Free Zone has been a barometer of the region's economic climate.

Between 1977 and 1981, when Latin America was experiencing the fastest growth rates in its recent history, the Free Zone's trade increased by 17 percent annually. Last year that began to change.

"Mexico was the beginning," said Mr. Mizrahi, recalling the shock that hit the Free Zone when it found one of its biggest customers could no longer afford consumer imports and could not provide dollars for products already purchased from zone merchants on credit.

By the end of 1982, Latin America's total import bill had fallen a record 19.4 percent below 1981's

figure. The import reductions of some of the Free Zone's biggest clients was even more dramatic—46 percent in Chile, 45 percent in Argentina, 37 percent in Mexico, and from 24 to 28 percent in nearby Nicaragua, Honduras and Guatemala.

In 1983, this trend has accelerated. Mexico is expected to buy barely \$4.5 billion in manufactured goods this year, less than half last year's already diminished \$11 billion. Mexico's purchases from the Free Zone "are now almost nil," one exporter said.

The single biggest blow to the Free Zone has been this year's loss of Venezuela, which zone merchants agree was their best and biggest market. The devaluation of the Venezuelan bolivar, long accepted as currency in the Free Zone's re-export shops, cost local businesses \$200 million in losses from goods already delivered, one banker estimated. Yet that loss is small next to the damage being caused by the prolonged closure of the Venezuelan market.

The Free Zone has depended on credit financing, and Colon exporters have been hurt by the inability of their Latin American clients to obtain hard currency for repay-

ment from their central banks. The major private banks in the zone—among them Chase Manhattan, Citibank, Bank of America, Banque Nationale de Paris and the Bank of Tokyo—have sustained tens of millions of dollars in losses.

New U.S. trade incentives offered through the Caribbean Basin Initiative will help prod diversification into light manufacturing, Mr. Estenoz said, reflecting a common regional viewpoint. "We are trying hard to encourage different kinds of assembly industries here."

But for the foreseeable future, Colon will depend on its free-zone re-export trade, Mr. Estenoz said, and Colon's developed infrastructure and its location at the mouth of the Panama Canal will continue to give it a competitive advantage over other regional free ports and free trade zones.

In the long run, Mr. Estenoz and others in Panama, like Berta Alicia Chen, the deputy zone director and a Panamanian of Chinese descent, believe that Colon's biggest opportunity may be the relocation of business from Hong Kong. Colon's own original model and only real rival, as a result of the possible reassertion of Chinese control over that British colony.

Agriculture: Diversification of Crops Seen as Vital

RETALHULEU, Guatemala—

On Guatemala's lush coastal plain, the cotton crop begins nearly at the Pacific shore, cooing to cattle pastures, sugar plantations, and scattered banana groves as the tablelands begin tilting up toward the steep volcanic slopes where the country's coffee is grown.

To traverse this varied agricultural landscape takes less than an hour by car. The journey offers an essentially complete tour of the Caribbean Basin's fundamental economic problem: its historic dependence on a small range of export crops priced by unpredictable world trading mechanisms and competitive internationally only if

cultivated with the aid of abundant cheap labor.

Together, the five principal products of the big agribusiness plantations in Guatemala—unroasted coffee, cotton lint, refined sugar, fresh beef and bananas—account for nearly 60 percent of Guatemala's export earnings, as they do in varying proportions in most Caribbean and Central American countries.

For years, acutely aware of the vulnerability of their national economies to the erratic swings of the world commodities markets, government planners and private analysts have been urged farmers to diversify into a broader range of cash crops.

At the same time, inspired by the Organization of Petroleum Exporting Countries, they have promoted the formation of worldwide producers' associations to work toward the stabilization of international prices at profitable levels.

Over the past five years, coffee, the most important export earner, has accounted for more than 30 percent of all export income in Guatemala, Nicaragua, Honduras, and Costa Rica, and more than 45 percent in Haiti and El Salvador.

In those five years, daily world wholesale prices have jumped above \$3 per pound and fallen to less than \$1 per pound.

The average quarterly coffee price, the Inter-American Development Bank reports, dropped from a peak \$2.08 a pound in 1979's final quarter to \$1.22 a year later, recovering somewhat to the \$1.37 a pound averaged during the final three months of last year, a price level maintained through most of 1983.

This trend toward stability, experts agree, is due primarily to the efforts of the International Coffee Organization, which has managed a national export quota system.

Yet most producing nations continue to be burdened with substantial unsold coffee stocks, and much of the coffee now being exported is bought by non-traditional markets

for a fraction of the ICO's quota-maintained official price. And few analysts say they expect coffee to ascend again to \$3 per pound—even in the event of another Brazilian cold spell.

Brazil, with resistant new species and increased lowlands coffee cultivation, is better protected against freeze damage. And in the United States, the biggest market for coffee, demand is declining. Per capita intake has dropped from 3.1 cups daily to 1.9 cups a day in 20 years.

In the sugar business, key export quotas are not determined by the producers, but by the government of the United States—the leading world sugar buyer.

The U.S. quota system, designed to protect domestic sugar producers and to reward regional U.S. allies, reached a new height of popularization this year when Nicaragua's quota was slashed from 62,000 to 6,000 tons. The 56,000-ton difference was distributed primarily to Honduras (29,000 tons), Costa Rica (17,000 tons), El Salvador (10,000 tons) and Guatemala (7,000 tons), Nicaragua's pro-U.S. neighbors.

The U.S. quota system actually affords little protection against the volatile world market that sets the price of most exported sugar.

—WILLIAM A. ORME JR.

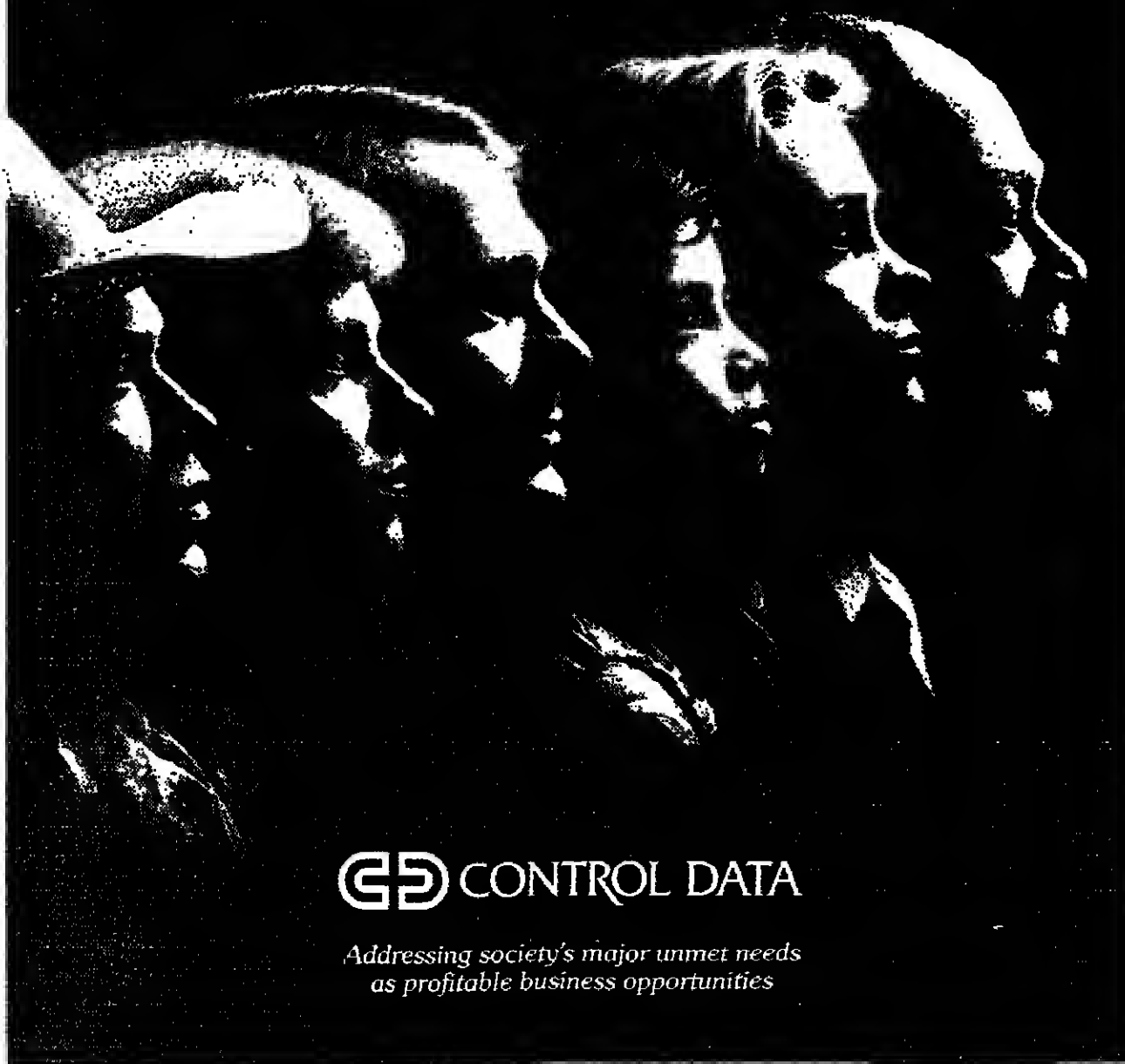
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BUSINESS BRIEFS

British Officials Cautiously Optimistic After 2d Straight Fall in Jobless Rate

LONDON (Combined Dispatches) — The unemployment rate in Britain fell to 12.9 percent of the work force in November from 13 percent the previous month, the Department of Employment said Thursday. It was the second successive monthly decline, and government officials expressed cautious optimism that unemployment had finally leveled off.

The government said 3.08 million people were unemployed on Nov. 10, down from 3.19 million on Oct. 13. On an adjusted basis, unemployment was unchanged at 12.3 percent, with 2.9 million people out of work.

The underlying trend of adult unemployment also edged down for the second month in a row, for the first time in four years. But the department said the number of job openings registered with government employment offices fell by 4,300 on an adjusted basis, to 162,808. (AP, Reuters)

Dome Seeks to Stretch Out Debt

CALGARY, Alberta (Reuters) — Dome Petroleum said Thursday that it is seeking to stretch out payment of its debt of 6.3 billion Canadian dollars (\$3.1 billion) to 10% to 12 years.

Dome also said it plans to improve its capital structure by issuing 700 million Canadian dollars worth of equity-related securities.

Dome said the plan, which must be approved by the more than 50 banks to which the company owes money, would permit it access to debt and equity markets on normal terms within a reasonable period. It added that it contemplates that an agreement in principle will be reached by the end of January, with implementation during the first quarter of 1984.

Ford Leads Foreign Car Sales in France

PARIS (Reuters) — Ford Motor Co. took the largest foreign share of the French car market in September with 6.87 percent, up from 4.40 percent in August, the car importers' association said. Fiat, which led in August with a 6.79-percent share, fell to 5.47 percent in September.

For the first nine months, Ford took 6.37 percent of the market, up from 6.03 percent in the 1982 period. Fiat was in second place for the period with a 5.79-percent market share, compared with 6.22 a year earlier.

China to Fulfill Its Grain Pact With U.S.

WASHINGTON (UPI) — Chinese officials have assured the U.S. government that China will meet its grain purchase obligation for 1983 under a four-year grain agreement, according to the U.S. Agriculture Department. A dispute earlier this year over textile trade had cast doubt on the status of the grain agreement.

The Chinese Embassy here said Wednesday that China would buy the 2 million tons of wheat and corn needed to meet the 6-million-ton yearly total required by the agreement. Agriculture Department officials said some of the grain might not be shipped this year.

GTE Corp. Says Its President Resigned

STAMFORD, Connecticut (UPI) — Thomas A. Vanderlicke has resigned as president and chief operating officer of GTE Corp., according to an announcement Thursday by the company's chairman and chief executive officer, Theodore F. Brophy. He said Mr. Vanderlicke was resigning "to pursue other interests" but would serve as a consultant to GTE for an indefinite period.

Mr. Brophy said that two chief operating officers, Allan L. Rayfield and James L. Johnson, would be reporting to him. Mr. Rayfield, formerly of GTE and president of the Diversified Products and Services Group.

Mr. Johnson will also be a senior vice president and will be president of the Telephone Operating Group. He will continue to oversee all GTE telephone operating companies and GTE Mobile.

Qantas Reports Loss but Sees Upturn

SYDNEY (Reuters) — Qantas Airways on Thursday reported an operating loss of 24.4 million Australian dollars (\$31.3 million) for the year ended last March 31, but said it was now profitable. The loss was a sharp turnaround from a profit of 61.4 million dollars in the previous year.

Chairman Jim Leslie said he was optimistic that the government-owned airline would show a profit in the current year, because earnings were running ahead of budget. He attributed the 1982-83 loss to the world recession, high fuel costs and uneconomic fares on some routes. The loss on airline operations was a record 47.59 million dollars, nearly twice the previous year's loss of 24.04 million.

Strong 1983 Operating Profit Is Predicted by Dresdner Bank

FRANKFURT — Dresdner Bank expects a strong operating profit in 1983 but will continue to require large sums for risk provisions on domestic and foreign lending, Hans Friderichs, spokesman for the management board, said Thursday.

Mr. Friderichs said at a press conference that Dresdner's partial operating profit was up 34.5 percent in the first 10 months to 942.5 million Deutsche marks (\$359 million).

Trading for the bank's account yielded profits of the same level as 1982's strong results, he said.

Wolfgang Lech, another board member, said risk provisions will be kept roughly unchanged from 1982's level of nearly 1 billion DM.

Mr. Friderichs said that despite the large risk provisions, the bank will be able to pay a higher dividend for 1983 than last year's 4 DM per share and that it will make a substantial increase to its free reserves.

He said no decision had been reached on the dividend. He said the bank has no concrete plans for any capital increase but declined to file out such an action in 1984.

Mr. Friderichs said overall operating profit this year, including the trading account and provisions for pensions, would exceed the level of the partial operating profits, which is not the case at other West German banks.

However, the bank would have to assess risk provisions for a variety of credits, including its involvement in the West German steel industry and Euro-market lending to countries involved in recheduling debt.

Normal banking business continued to be strong, Mr. Friderichs said. The bank's interest margin rose to 2.9 percent in the 10 months, from an average 2.6 last year.

The surplus on interest was 1.9 billion DM in the first 10 months, 15.8 percent higher than the figure for the like period last year, Mr. Friderichs said.

Mr. Friderichs confirmed that Dresdner has a 92-million-DM exposure to the private bank Schröder, Münchmeyer, Hengst & Co., which was rescued by a group of commercial banks on Nov. 2. He said that the Dresdner group has no credits outstanding at IBH Holding and that loans to IBH subsidiaries are under 10 million DM.

The rescue operation for Schröder, Münchmeyer, Hengst was necessary after it became apparent that it was heavily over-indebted to IBH and its affiliates.

Mr. Lech said Dresdner's operating profit of 942.5 million DM this year, measured as a percentage of the balance sheet, was up 20 percent, which is near report set in 1981.

Morgan Stanley Elects Chairman And President

The Associated Press

NEW YORK — Robert H.B. Baldwin announced his retirement as chairman of Morgan Stanley & Co., and directors on Thursday elected S. Parker Gilbert, the president of the investment firm, to succeed him.

Directors also picked Richard B. Fisher as Morgan Stanley's new president. The changes will take effect Jan. 1.

Mr. Baldwin, 63, will become chairman of an advisory board to be formed in 1984 and to be made up of business and financial leaders from the United States and abroad. He said the changes would enable him to keep involved with the company while increasing his commitments to outside public and charitable interests.

Mr. Baldwin has been associated with Morgan Stanley since 1946, with the exception of an interruption to serve as undersecretary of the navy between 1965 and 1967. He became Morgan Stanley's president in 1973 and chairman last January.

Mr. Gilbert, 50, joined Morgan Stanley in 1960 and was active in the firm's European operations before becoming a managing director in 1969 and president of the company earlier this year.

Mr. Fisher, 47, joined the firm in 1967 and became a managing director in 1970.

Wibau, Unit of IBH, Files Bankruptcy; Receiver Says It Falsified Sales Figures

Reuters

FRANKFURT — Wibau AG, a key company in IBH Holding AG, the failed construction equipment firm, has filed for bankruptcy amid reports linking its problems to falsified sales figures.

Wibau, a manufacturer of cement-making equipment, said the filing followed a determination that it could not repay 40 percent of its debts as required by an earlier court appeal for protection from creditors, court sources said Thursday.

But the court-appointed receiver in that case, Wilhelm Andreas Schaaf, said Thursday that Wibau falsified its turnover figures by 50 million Deutsche marks (\$18.6 million) last year.

He told reporters in Gröndau that Wibau is facing a loss of 105 million DM to 107 million DM this year before a requirement to write off 40 million DM invested at its Wibu U.K. Ltd. subsidiary.

He said turnover this year, after eliminating the false 50 million DM from 1982, would be 128 million DM. The expected loss of 145 million DM exceeded the company's equity of 121 million DM, Mr. Schaaf added.

He said he therefore would not be able to arrange a debt settlement of the sort Wibau sought when it applied Nov. 9 for a limited form of receivership.

In Hanau, the public prosecutor's office said an investigation had been opened into whether the Wibau bankruptcy was due to fraudulent behavior. The office said Wibau employees and directors were under investigation.

Mr. Schaaf said the accounting at Wibau was improper: Mutual guarantees were granted among companies in the IBH group, and credits were taken up without sufficient collateral.

He said he was discussing a possible sale of assets with interested parties, but he gave no details.

Trading in Wibau shares was suspended Thursday on the Frankfurt stock exchange. On Wednesday, Wibau shares rose 5 DM to 32 DM on speculative buying.

Wibau is the first company in the IBH group to file for bankruptcy. IBH applied for receivership on Nov. 4 in a move to avoid full bankruptcy, and its subsidiaries followed suit.

Late last month, Wibau obtained a bank credit of 3 million DM in an attempt to keep production going until authorities of Hesse state decided whether to grant a 50-million-DM credit guarantee. An additional credit of 3.7 million DM came from a local savings bank.

IBH's chief executive, Horst-Dieter Esch, in announcing his resignation Nov. 24, also resigned as supervisory chairman of the Wibau board.

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U.S. Construction Spending Off 2.5%

United Press International

WASHINGTON — U.S. builders cut their spending on construction labor and materials by 2.5 percent in October, the first decline since March, the Commerce Department estimated Thursday.

The department's Census Bureau estimated that builders spent \$269.5 billion at an annual rate during the month, with spending on private construction down 2.6 percent and public construction off 1.9 percent after seasonal adjustment.

An upward revision in September's figures turned that month's originally reported loss to a 0.6 percent gain.

The government's estimate of construction spending is drawn from reports on the progress of practically all major building projects and a sampling of smaller projects.

Despite the October decline the level of construction spending is still 15.1 percent ahead of a year earlier.

The spending pace on single family homes was at a \$66 billion annual rate, 3.5 percent below September's rate but 78.9 percent ahead of a year earlier.

In contrast, the \$21.4 billion rate of spending on private office building construction was 10.1 percent less than that of a year earlier.

In the area of public construction, spending on sewers has held up better than that on schools.

Leh

The quarterly report as of 30th September, 1983 of

Leveraged Capital Holdings N.V.

has been published and may be obtained from

PIERSON, HELDRING & PIERSON N.V.

Amsterdam

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CANADIAN GOLD MINING SHARES: YOUR BEST BET!

Many forecasters say "inflation is dead"; we disagree. "The ghost of inflation may have been put in a bottle with a stop, but it will escape shortly, and with a lot of vengeance," somebody else said; we agree. Therefore, we consider it a must for every individual investor to protect himself NOW! Inflation will get out of control in 1984/85, endangering the value of the U.S. dollar. Investors and speculators will return to the gold, buying GOLD, PLATINUM and SILVER.

Buying precious metals in bars brings the problems of storage, insurance etc., while buying future contracts, at least in these early stages, brings too high a degree of risk.

Our recommendation is your best bet:

BUY CANADIAN GOLD MINING SHARES NOW!

The reasons for this recommendation? Among others: 1. normally, gold mining shares are valued at a premium over the price of gold; 2. the prices of gold mining shares have dropped considerably more than the gold spot price; 3. Canada has grown and will continue to grow into one of the major producers of gold; 4. Canada is the only gold producer with considerable new discoveries, coming on stream right now. For instance, the Hemlo area compares with the richest South African gold areas; 5. the Canadian dollar could prove to be a good hedge against the U.S. dollar; 6. not the least important: we feel the price of gold will soon resume its rebound to higher levels. Of course, the timing to be in the right market is important, but even more important is to be in the right stocks. Which stocks have the best potential for you to benefit from the coming GOLD BOOM?

We think we know the answer!
In March 1983 we recommended to buy shares of Davidson Tiedale Mines at (adjusted for stock splits) \$2. After reaching a high of \$9.9, it currently sells at \$5.4 a share. Now we have a few new recommendations. If you want to know more about them, fill out the coupon and send it in at your earliest convenience. For immediate service you can also call us, your specialist with the European view on the international GOLD scene.

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**Tables include the nationwide prices
Up to the closing on Wall Street**

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Literature 7 years	Stock	Qty	Md	RF	Long-Mid 7 year
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(Continued from Page 8)

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193	23%	JFF	1.44	1.4	22	40	39%	39%	W
194	23%	JFF	1.44	1.4	22	40	39%	39%	W
195	23%	JFF	1.44	1.4	22	40	39%	39%	W
196	23%	JFF	1.44	1.4	22	40	39%	39%	W
197	23%	JFF	1.44	1.4	22	40	39%	39%	W
198	23%	JFF	1.44	1.4	22	40	39%	39%	W
199	23%	JFF	1.44	1.4	22	40	39%	39%	W
200	23%	JFF	1.44	1.4	22	40	39%	39%	W
201	23%	JFF	1.44	1.4	22	40	39%	39%	W
202	23%	JFF	1.44	1.4	22	40	39%	39%	W
203	23%	JFF	1.44	1.4	22	40	39%	39%	W
204	23%	JFF	1.44	1.4	22	40	39%	39%	W
205	23%	JFF	1.44	1.4	22	40	39%	39%	W
206	23%	JFF	1.44	1.4					

This is neither an offer to exchange or sell nor a solicitation of an offer to buy or exchange any security. The Exchange Offer is made only by the Offering Circular dated December 1, 1983 and the related Letter of Transmittal, and the Exchange Offer is not being made to, nor will tenders be accepted from, holders of these securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

MGF International Finance N.V.

Offer to Exchange

**Class A and Class B Non-Interest Bearing Convertible Senior Subordinated
Guaranteed Debentures Due 1989**

8 1/4% Convertible Subordinated Guaranteed Debentures Due 1995

The Class A and the Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures are convertible into Common Stock of, and guaranteed on a senior subordinated basis as to payment by

MGF Oil Corporation

MGF International Finance N.V. ("MGF International") hereby offers upon the terms and conditions set forth in the Offering Circular, dated December 1, 1983 and in the Letter of Transmittal (which together constitute the "Exchange Offer") to issue \$500 principal amount of Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures (the "Class A Debentures") and \$500 principal amount of its Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due December 1, 1989 (the "Class B Debentures" and the "Class A Debentures" and the "Class B Debentures," respectively; collectively, the "New Debentures"), in exchange for each \$1,000 principal amount of its 8 1/4% Convertible Subordinated Guaranteed Debentures due December 1, 1993 ("Old Debentures"). The December 1, 1983 interest payment will be cancelled with respect to tendered and accepted Old Debentures. Old Debentures will be accepted only if tendered together with all interest coupons payable on or after December 1, 1983.

The New Debentures will be guaranteed on a senior subordinated basis by MGF Oil Corporation ("MGF"), of which MGF International is a wholly-owned subsidiary. The New Debentures will rank senior to the Old Debentures, and MGF's guarantees of the New Debentures will rank senior to MGF's guarantees of the Old Debentures. The Old Debentures are convertible into MGF Common Stock ("Common Stock") at a price of \$15.88 per share. The Class A Debentures will be convertible into shares of Common Stock, at a price per share equal to the greater of \$9.95 or 105% of the most recent closing sale price of the Common Stock on or prior to the applicable Exchange Date. The Class B Debentures will be convertible into shares of Common Stock at a price of \$15.88 per share.

The Exchange Offer will expire at 12:00 Midnight, Luxembourg Time, on December 29, 1983 (the "Expiration Date") unless extended by MGF International. MGF International also reserves the right to amend the Exchange Offer. Any extension, amendment or termination of the Exchange Offer will be followed as promptly as practicable by a press release or other public announcement thereof.

All tenders may be withdrawn until 12:00 Midnight, Luxembourg Time, December 15, 1983. On and after 12:00 Midnight, Luxembourg Time, December 15, 1983, all tenders are irrevocable if accepted by MGF International prior to 12:00 Midnight, Luxembourg Time, January 30, 1984. All tenders not accepted by MGF International prior to 12:00 Midnight, Luxembourg Time, January 30, 1984 may thereafter be withdrawn.

Two of MGF's banks have agreed to fund the December 1, 1983 interest payment on the Old Debentures contingent upon, among other things, the full MGF fund of Old Debentures in the Exchange Offer. If more than 90% of the Old Debentures are exchanged or MGF is not successful in its negotiations with other creditors, MGF International and MGF, under present circumstances, may not have sufficient cash flow available to meet their obligations under the Old Debentures and other obligations. In such event, MGF International and MGF would be forced to seek protection under bankruptcy laws. Therefore, the principal purposes of the Exchange Offer are to: (a) reduce MGF International's annual cash interest obligations, (b) reduce debt of MGF International upon conversion of New Debentures and (c) avoid seeking protection under applicable bankruptcy laws. The effect of the Exchange Offer would be to reduce MGF's annual cash interest obligations and reduce debt of MGF and increase MGF's equity capital upon

The Old Debentures are listed on the Luxembourg Stock Exchange. MGF International has made application to list the New Debentures on the Luxembourg Stock Exchange. In connection with the listing application, the Articles of Incorporation of MGF International, the Articles of Incorporation and By-laws of MGF and a legal notice relating to the issuance of the New Debentures will be deposited prior to the listing with the Chief Registrar of the District Court of Luxembourg, where copies may be obtained upon request.

THE INFORMATION STATED HEREIN INCORPORATES BY REFERENCE, AND IS QUALIFIED IN ITS ENTIRETY BY, THE DOCUMENTS CONSTITUTING THE EXCHANGE OFFER.

IRELY BY, THE DOCUMENTS CONSTITUTING THE EXCHANGE OFFER.

7-11

MGF International Finance N.V.
De Ruyterkade 62
Curacao, Netherlands Antilles
Attention: N. J. Brahm

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Herald Tribune

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Around the World.

مكرر من الأصل

Learn two Swedish words and the decision-makers in Sweden will understand you!

VECKANS affärer

In English, these words mean "This week's business"

These two Swedish words will open the doors to most decision-makers in Sweden.

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among Swedish decision-makers than Veckans affärer.

Veckans affärer publishes 45 editions annually. Each edition is read by some 350,000 persons.

Veckans affärer's editorial staff consists of 32 financial journalists.

Circulation: 44,000 copies per edition during first part 1983.

Veckans affärer is a part of The International Management Network.



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AMEX High-Lows Dec. 1

NEW HIGHS	TO
Amstar	100.00
Amstar	100.00
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Amstar	100.00
Amstar	100.00

NYSE High-Lows Dec. 1

NEW HIGHS	TO
Amstar	100.00
Amstar	100.00
Amstar	100.00
Amstar	100.00
Amstar	100.00

Mobil U.K. Unit Expects \$50-Million Loss in '83

LONDON — Mobil Oil Co. Ltd., Mobil Corp.'s British refining and marketing subsidiary, expects net losses of more than \$50 million (\$73 million) this year, mainly because of the fall in value of sterling, according to a company spokesman.

He said Wednesday that the net price the unit received for gasoline in the third quarter of 1983 declined to \$1.20 a gallon from \$1.24 a year earlier, despite a rise in sterling prices.

MANNESSMANN UNIT CONTRACT
Duisburg, West Germany — Mannesmann AG's subsidiary Mannesmann Demag AG has won a contract worth 75 million Deutsche marks (\$27.7 million) to modernize and re-equip a steel mill for the Spanish company Altos Hornos de Vizcaya SA, Mannesmann Demag said Thursday.

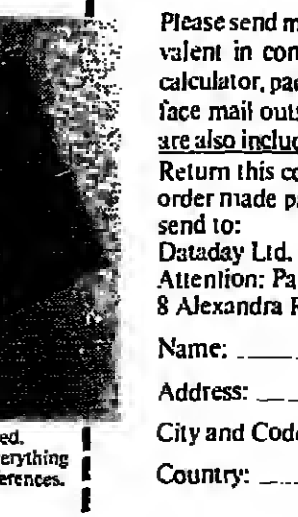
London Metals Dec. 1

High	Low	Close	Previous
Gold	374.00	374.00	374.00
Silver	14.00	14.00	14.00
Copper	1.50	1.50	1.50
Aluminum	0.80	0.80	0.80

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

IN THE MATTER OF L.O.S. LTD. and
IN THE MATTER OF the Winding-up Act of Canada, Revised Statutes of Canada, 1970, Chapter W-10:
NOTICE TO CREDITORS AND SHAREHOLDERS OF L.O.S. LTD.
WHEREAS substantial recoveries have been made during the course of the liquidation of L.O.S. Ltd.;
AND WHEREAS the process of determining the amount of the debts and liabilities of L.O.S. Ltd. is under active consideration;
AND WHEREAS funds will be available to shareholders if there is a surplus after satisfaction of the debts and liabilities;
AND WHEREAS the liquidators accounts have been approved on an annual basis by Mr. Justice D. M. Dickson of the Court of Queen's Bench of New Brunswick;
TAKES NOTICE that the liquidators of L.O.S. Ltd. shall be submitting their accounts of the receipts and disbursements of the liquidation for the period ending the 30th day of September, 1983 for passing and approval on the 2nd day of February, 1984 at 10:00 o'clock in the forenoon, Atlantic Standard Time, before Mr. Justice D. M. Dickson of the Court of Queen's Bench of New Brunswick, at the Justice Building, Fredericton, New Brunswick;
AND FURTHER TAKES NOTICE that anyone who can identify himself as a creditor or shareholder of L.O.S. Ltd. shall be entitled to receive all accounts and supporting details of the liquidation on or before the 15th day of January, 1984, by personally presenting an affidavit or by sending a copy to the liquidators by registered mail or by telegraph or by airmail, on or before the 15th day of January, 1984, to the liquidators, Messrs. Hanson, Heston, P.O. Box 310, Fredericton, New Brunswick, Canada E3B 4Y9, telephone (506) 455-7771, telex 014-6271;
AND FURTHER TAKES NOTICE that if you wish to be heard, you must file a Notice with the Registrar of the Court of Queen's Bench of New Brunswick, on or before the 15th day of January, 1984, with a copy to the liquidators for the liquidators, Hanson, Heston, which form of Notice may be obtained at the time of registration of the accounts;
DATED this 11th day of October, 1983.
JACQUES BRASSER, Co-Liquidators
of the Estate of L.O.S. Ltd.
Per: "John A.G. Page"

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Country: _____
2-12-83

Grains	Open	High	Low	Settle	Chg.
Wheat	2.25	2.26	2.24	2.25	+0.01
Barley	1.15	1.16	1.14	1.15	+0.01
Oats	0.85	0.86	0.84	0.85	+0.01
Rye	1.05	1.06	1.04	1.05	+0.01
Feed	1.25	1.26	1.24	1.25	+0.01

Food	Open	High	Low	Settle	Chg.
COFFEE C	1.25	1.26	1.24	1.25	+0.01
COFFEE D	1.15	1.16	1.14	1.15	+0.01
COFFEE E	1.05	1.06	1.04	1.05	+0.01
COFFEE F	0.95	0.96	0.94	0.95	+0.01
COFFEE G	0.85	0.86	0.84	0.85	+0.01

Financial	Open	High	Low	Settle	Chg.
10 YR. TREASURY	100.00	100.01	99.99	100.00	+0.01
30 YR. TREASURY	100.00	100.01	99.99	100.00	+0.01
10 YR. TREASURY	100.00	100.01	99.99	100.00	+0.01
30 YR. TREASURY	100.00	100.01	99.99	100.00	+0.01

Metals	Open	High	Low	Settle	Chg.
COPPER	1.50	1.51	1.49	1.50	+0.01
ALUMINUM	0.80	0.81	0.79	0.80	+0.01
ZINC	0.60	0.61	0.59	0.60	+0.01
NICKEL	0.40	0.41	0.39	0.40	+0.01
STEEL	0.20	0.21	0.19	0.20	+0.01

Stocks	Open	High	Low	Settle	Chg.
AMERICAN	100.00	100.01	99.99	100.00	+0.01
EUROPEAN	100.00	100.01	99.99	100.00	+0.01
ASIAN	100.00	100.01	99.99	100.00	+0.01
AUSTRALIAN	100.00	100.01	99.99	100.00	+0.01

Commodity	Open	High	Low	Settle	Chg.
WHEAT	2.25	2.26	2.24	2.25	+0.01
BARLEY	1.15	1.16	1.14	1.15	+0.01
OATS	0.85	0.86	0.84	0.85	+0.01
RYE	1.05	1.06	1.04	1.05	+0.01
FEED	1.25	1.26	1.24	1.25	+0.01

Paris Commodities	Open	High	Low	Settle	Chg.
Wheat	2.25	2.26	2.24	2.25	+0.01
Barley	1.15	1.16	1.14	1.15	+0.01
Oats	0.85	0.86	0.84	0.85	+0.01
Rye	1.05	1.06	1.04	1.05	+0.01
Feed	1.25	1.26	1.24	1.25	+0.01

Dividends	Open	High	Low	Settle	Chg.
AMERICAN	100.00	100.01	99.99	100.00	+0.01
EUROPEAN	100.00	100.01	99.99	100.00	+0.01
ASIAN	100.00	100.01	99.99	100.00	+0.01
AUSTRALIAN	100.00	100.01	99.99	100.00	+0.01

London Commodities	Open	High	Low	Settle	Chg.
Wheat	2.25	2.26	2.24	2.25	+0.01
Barley	1.15	1.16	1.14	1.15	+0.01
Oats	0.85	0.86	0.84	0.85	+0.01
Rye	1.05	1.06	1.04	1.05	+0.01
FEED	1.25	1.26	1.24	1.25	+0.01

Cash Prices	Open	High	Low	Settle	Chg.
Wheat	2.25	2.26	2.24	2.25	+0.01
Barley	1.15	1.16	1.14	1.15	+0.01
Oats	0.85	0.86	0.84	0.85	+0.01
Rye	1.05	1.06	1.04	1.05	+0.01
FEED	1.25	1.26	1.24	1.25	+0.01

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...ed by

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Executive Sales of Swiss Chocolate Sweetened by U.S. Effort

By John Tagliabue
New York Times Service

CHAU-DE-FONDS, Switzerland — Pierre Alain Moreau, a Swiss chocolate maker, is traveling to the United States this month, his first trip since he was named president of the company in 1979. He is going to Geneva for a flight, via Frankfurt, to New York, where he will meet with executives of the Swiss chocolate industry and U.S. officials to discuss the sale of Swiss chocolate in the United States.

Moreau, the exclusive Zurich chocolate maker, is one of the largest Swiss chocolate companies, and among the companies who export to the United States. Last year, the company's sales in the United States were valued at \$28 million, on the shelves of gourmet food shops.

Makers of fancy Swiss chocolate, trying to counter a decline in sales at home and mounting competition elsewhere in Europe, are using a successful high-quality, low-price marketing strategy in the United States.

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Makers of fancy Swiss chocolate, trying to counter a decline in sales at home and mounting competition elsewhere in Europe, are using a successful high-quality, low-price marketing strategy in the United States.



Chocolate production at La Chaux-de-Fonds, Switzerland.

Tandy's Marketing Ideas Face Test

(Continued from Page 7)

The IBM-compatible route minimizes the risk in a very hazardous business.

"Tandy won't be wildly successful in market share with its PC," predicted David Lamb, an analyst with Link Resources in New York. "But it will do fine in profits."

The company, named after its founder, Charles David Tandy, who died in 1978, has traditionally done fine in profits. When Mr. Tandy acquired the bankrupt Boston-based Radio Shack 20 years ago, his primary business was leather goods retailing, not consumer electronics. But by 1975 the chain was doing so well that he spun off everything except Radio Shack.

In the latest fiscal year, ended June 30, Radio Shack outlets ranked up more than \$2.4 billion in worldwide sales. Earnings, totaling \$278.5 million for the latest year, have risen at an average com-

puted rate of 30 percent a year in the last decade. Gross margins have remained in the 58 percent to 59 percent range in the last five years, at least 20 percentage points higher than the average for competitors, analysts say.

A good deal of that growth has come from microcomputers, an industry Tandy helped found back in 1977. Although Radio Shack stores offer an assortment of goods, from batteries to toys to stereo sets, in just six years microcomputers and related products have become the company's biggest-selling item, accounting for some \$875 million, or 35.3 percent, of total volume in the 1983 fiscal year.

Radio Shack's microcomputer offerings include everything from a low-end home machine, the Color Computer, to powerful, multiuser business systems with five-figure prices as well as pocket computers and the popular tablet-size portable, the Model 100.

Coleco Admits to Delay In Producing Adam Unit

New York Times Service

NEW YORK — Coleco Industries has admitted that its long-delayed Adam home computer system would be "in very short" supply this Christmas, but denied Wall Street rumors that an unusually large number of the computers were defective and that the company was in dire need of cash.

After refusing for several weeks to disclose the rate at which it was producing the Adam, the company said Wednesday that it would ship 125,000 to 140,000 units by year's end. Industry experts, noting that Coleco said several months ago that it would make 400,000 units by the end of the year, said they thought even the revised number was optimistic, and most experts expressed doubt that Coleco had shipped more than 10,000 Adams.

Wednesday's reports further shook the confidence of investors,

many of whom bought Coleco stock when the company was the leader in video games and seemed likely to take the low end of the home computer market by storm with its complete computer system for \$600.

Coleco officials insisted Wednesday that they had shipped "far more" than 10,000 units, but Arnold Greenberg, the company's president, declined to say how many. He said Coleco had firm orders for 400,000 units.

"It is hard to believe they will ship 125,000," said Malcolm Lowenthal, a vice president of Shearson/American Express. He and others also questioned Coleco's estimates that it was currently producing 2,000 Adam units a day and would reach 6,000 a day by the end of December.

Meanwhile, several Wall Street analysts said Wednesday that they understood Coleco was seeking to sell up to 20 percent of the company, in the form of warrants on its stock, to raise cash. "The reports indicate it would give the company between \$40 million and \$50 million," noted Mr. Lowenthal.

But Morton E. Handel, Coleco's executive vice president, called the reports "absolutely untrue."

"We have not offered to sell anything to anyone. There is no need to raise money," he said.

Mr. Handel denied reports that Coleco was behind in paying its bills. He said the company's failure to pay Infocsoft, a New York, Conn., concern that provided much of the initial software for Adam's word processing system, was due to "a dispute over the quality of Infocsoft's work."

Coleco's Adam system, which includes a keyboard, central processor, tape drive for data storage and printer, was unveiled last spring. But problems with the development of software, along with mechanical difficulties with its unusual tape drive system, pushed the Adam months behind schedule.

Most major retailers, including Sears, Roebuck & Co. and Toys 'R' Us, said they would have very few machines available until next year.

Moreover, in recent weeks there have been persistent, yet somewhat vague, reports of malfunctions. Most of the complaints have been similar to those of Al Eng, a Cupertino, Calif., engineer who bought an Adam system recently. "The word processor works," Mr. Eng said last week, "but it loses a lot of information in a mysterious fashion."

Mr. Handel said Wednesday that product returns were under 10 percent and most difficulties could be attributed to "operator problems." He said the company had amended the computer's manuals to warn against potential problems, and now has "about 20 percent of the direct labor working in quality assurance and control."

He says, for example, that Tandy may be overestimating the advantage it gets from its distribution system. Customers crowded Radio Shack stores as recently as three years ago because only Apple Computer and a few other companies made microcomputers and they were hard to find in other stores. Now Radio Shack competes with ComputerLand, K. Mart, Sears, Roebuck & Co. and several local specialty retailers.

And, he added, there are so many home and personal computers out now that consumers prefer to shop where they can compare the prices and features of different models, something they cannot do at Radio Shack's stores.

Tandy is, however, stepping up the training program for its sales force and designates one staff member at each of its computer centers as responsible for maintenance and repairs.

But even if it does not dominate the industry, Tandy will survive and prosper, predicts Tricia Parks, an analyst with Future Computing, Inc., in Richardson, Texas. The company will carve out "niches" in computers and other technology fields, she said.

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AL-MAL MANAGEMENT CO. SA. (M) Al Mal Trust	\$134.50	SOFIO GROUP GENEVA (M) Sofio Group S.A.	\$137.00
BANK JULIUS BAER & CO. LTD. (M) Bank of London	\$138.00	UNION BANK OF SWITZERLAND (M) Union Bank of Switzerland	\$138.00
(M) Bank of Paris	\$138.00	(M) Bank of Paris	\$138.00
(M) Bank of Rome	\$138.00	(M) Bank of Rome	\$138.00
(M) Bank of Spain	\$138.00	(M) Bank of Spain	\$138.00
(M) Bank of Sweden	\$138.00	(M) Bank of Sweden	\$138.00
(M) Bank of Switzerland	\$138.00	(M) Bank of Switzerland	\$138.00
(M) Bank of the Netherlands	\$138.00	(M) Bank of the Netherlands	\$138.00
(M) Bank of Belgium	\$138.00	(M) Bank of Belgium	\$138.00
(M) Bank of Luxembourg	\$138.00	(M) Bank of Luxembourg	\$138.00
(M) Bank of Austria	\$138.00	(M) Bank of Austria	\$138.00
(M) Bank of Italy	\$138.00	(M) Bank of Italy	\$138.00
(M) Bank of Greece	\$138.00	(M) Bank of Greece	\$138.00
(M) Bank of Portugal	\$138.00	(M) Bank of Portugal	\$138.00
(M) Bank of Turkey	\$138.00	(M) Bank of Turkey	\$138.00
(M) Bank of Iran	\$138.00	(M) Bank of Iran	\$138.00
(M) Bank of India	\$138.00	(M) Bank of India	\$138.00
(M) Bank of China	\$138.00	(M) Bank of China	\$138.00
(M) Bank of Japan	\$138.00	(M) Bank of Japan	\$138.00
(M) Bank of Korea	\$138.00	(M) Bank of Korea	\$138.00
(M) Bank of South Korea	\$138.00	(M) Bank of South Korea	\$138.00
(M) Bank of Taiwan	\$138.00	(M) Bank of Taiwan	\$138.00
(M) Bank of Hong Kong	\$138.00	(M) Bank of Hong Kong	\$138.00
(M) Bank of Singapore	\$138.00	(M) Bank of Singapore	\$138.00
(M) Bank of Malaysia	\$138.00	(M) Bank of Malaysia	\$138.00
(M) Bank of Indonesia	\$138.00	(M) Bank of Indonesia	\$138.00
(M) Bank of Philippines	\$138.00	(M) Bank of Philippines	\$138.00
(M) Bank of Thailand	\$138.00	(M) Bank of Thailand	\$138.00
(M) Bank of Vietnam	\$138.00	(M) Bank of Vietnam	\$138.00
(M) Bank of Cambodia	\$138.00	(M) Bank of Cambodia	\$138.00
(M) Bank of Laos	\$138.00	(M) Bank of Laos	\$138.00
(M) Bank of Myanmar	\$138.00	(M) Bank of Myanmar	\$138.00
(M) Bank of Sri Lanka	\$138.00	(M) Bank of Sri Lanka	\$138.00
(M) Bank of Maldives	\$138.00	(M) Bank of Maldives	\$138.00
(M) Bank of Brunei	\$138.00	(M) Bank of Brunei	\$138.00
(M) Bank of Timor	\$138.00	(M) Bank of Timor	\$138.00
(M) Bank of East Timor	\$138.00	(M) Bank of East Timor	\$138.00
(M) Bank of West Timor	\$138.00	(M) Bank of West Timor	\$138.00
(M) Bank of North Timor	\$138.00	(M) Bank of North Timor	\$138.00
(M) Bank of South Timor	\$138.00	(M) Bank of South Timor	\$138.00
(M) Bank of East Timor	\$138.00	(M) Bank of East Timor	\$138.00
(M) Bank of West Timor	\$138.00	(M) Bank of West Timor	\$138.00
(M) Bank of North Timor	\$138.00	(M) Bank of North Timor	\$138.00
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(M) Bank of East Timor	\$138.00	(M) Bank of East Timor	\$138.00
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(M) Bank of South Timor	\$138.00	(M) Bank of South Timor	\$138.00
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SPORTS

Hess, Back in Form After Leg Injury, Edges McKinney in Opening Slalom

Compiled by Our Staff From Dispatches
KRANSKAGORA, Yugoslavia — Erika Hess of Switzerland, defending her 1982 World Cup slalom title, won Thursday's women's slalom, the first World Cup ski race of the season.
Hess had an aggregate time of 1 minute 33.39 seconds for the two runs, with Tamara McKinney of the United States second with 1:34.01. Margaret Talla of Poland third with 1:34.85, and Olga Charvatova of Czechoslovakia fourth with 1:34.87.
On the track made of artificial snow, which turned icy, Hess finished the first heat only one hundredth of a second faster than McKinney. But the American was unable to mount any serious threat to the winner on the second run.
"Maybe I was a little more cautious on the second run, but I'm happy," said McKinney, the defending overall World Cup champion. "There is always a little bit of nervousness before the first race, and once you get the first one over, then you can kind of relax a little bit and..."

Hess, in clocking the best times in both heats (46.51 seconds and 46.88 seconds), showed that she has fully recovered from a knee operation.
"I am not sure how the things will develop this season, but now I am sure that this is the end of a short crisis I had after the knee operation," Hess said. "This victory filled me with self-confidence."
"I hope I will be in form for Sarajevo," Hess added, referring to the 1984 Winter Olympics in Yugoslavia.
There was almost no snow in Kranjskagora, an Alpine center close to the Austrian and Italian borders, and the Yugoslav organizers had prepared the course with artificial snow over the past week.
The 600-meter (1,968-foot) course, with a vertical drop of 160 meters and 55 gates on the first run and 53 on the second, presented a severe test; only 37 of the 84 starters completed both heats. Among those who fell on the icy track in the first heat were Liechtenstein's

Hanni Wenzel, winner of two gold medals at the 1980 Lake Placid Olympics, Pernine Pelen of France, Roswitha Steiner of Austria and Maria Rosa Quario of Italy.
The World Cup continues Friday in Kranjskagora with a men's slalom race. (UPI/AP)



Erika Hess skiing to victory in the first World Cup slalom at Kranjskagora, Yugoslavia.

SPORTS BRIEFS

Tanner Defeats Warrick at Melbourne

MELBOURNE (AP) — Roscoe Tanner of the United States unleashed a powerful serve to defeat Kim Warrick of Australia, 7-6, 6-2, 3-6, 6-3, Thursday in the first round of the Australian Open. Heavy rain this week has put the tournament nearly two days behind schedule.
Tanner, a former Australian Open champion whose world ranking fell from the 30s to 147th after a 12-week layoff earlier this year following an elbow injury, held off Warrick with his serves and attacking lob.
In other first-round action, Sweden's Joachim Nystrom outplayed West German Rolf Gehring, 6-3, 6-2, 6-4; American Chip Hooper beat Hans Gerschlager of Sweden, 6-3, 6-2, 6-3; Peter Fleming of the United States overcame Australian Craig Miller, 7-6, 7-6, 4-6, 6-4; and Mark Edmondson of Australia, a former champion here, struggled before defeating Charles Srode of the United States, 6-3, 7-5, 4-6, 7-5.

Romania Advances to Soccer Finals

BRATISLAVA, Czechoslovakia (UPI) — Romania became the fifth team to join hosts France in next year's European Cup soccer championship finals when it drew, 1-1, against Czechoslovakia on Wednesday and clinched top place in qualifying Group 5. Romania finished with 12 points, followed by Sweden with 11 and Czechoslovakia with 10.
A victory by the Czechs, European champions in 1976, would have put them into the finals. The Czechoslovak team, in the last few minutes, had goalkeeper Zdenek Hruska playing in the attack.
The other Cup qualifiers are Belgium (Group 1), Portugal (Group 2), Denmark (Group 3), and West Germany (Group 6). The two remaining places to be decided are in Group 4 with either Yugoslavia or Wales qualifying, and Group 7 with either Spain or Holland qualifying.

Holmes' Retirement Not So Certain

NEW YORK (Combined Press) — An aide to Larry Holmes said Wednesday that the World Boxing Council heavyweight champion may be changing his mind about retiring less than 24 hours after stating his intention to quit boxing next week. "It's premature to say he's retiring," Dick Lovell, one of Holmes' spokesmen, said Wednesday. "He's thinking about it, but he's also thinking about Greg Page and Gerrie Coetzee."
Holmes was talking about retiring as well as thinking about it on Tuesday, when he told The New York Times that he was "getting too soft for this game" and planned to announce his unequivocal retirement at a news conference next Wednesday. Before the evening was out, however, Holmes had told The Associated Press that "it's not definite that I'll announce it next week, but if not it will be in the near future."
Lovell said the news conference had been canceled. But on Thursday, Lovell changed his mind and said Holmes will hold the news conference, but "he does not intend to announce his retirement." (NYT, AP)

NCAA Places Kansas on Probation

MISSION, Kansas (UPI) — The National Collegiate Athletic Association, after a 19-month investigation, placed the University of Kansas on probation for a two-year period Wednesday for recruiting violations by its football program. The penalty includes only one year of sanctions, which will prohibit the Big Eight school from playing on television and appearing in bowl games during the 1984 football season.
The NCAA noted none of the athletic department staff members involved in what it called "significant violations" remained at the university. The violations included offering large amounts of money and other benefits to prospective players and occurred between 1979-1982.

For the Record

Boston College quarterback Doug Flutie, Nebraska running back Mike Rozier, and Brigham Young quarterback Steve Young are the three finalists for this year's Heisman Trophy, awarded to college football's best player. The award will be made Saturday at the New York Downtown Athletic Club. (UPI)
Duesma, the winner of the Hambletonian, has been named as Trotter of the Year in balloting by the U.S. Trotting Association and the U.S. Harness Writers Association. The 3-year-old daughter of 1977 Harness Horse of the Year, Green Speed, was trained and driven by Stanley Dancer. She established a single-season earnings record for a female harness horse with more than \$966,000. (AP)

NBA Standings

EASTERN CONFERENCE			
Atlantic Division			
Philadelphia	13	3	23
Boston	12	5	29
New York	11	6	29
New Jersey	8	7	23
Washington	7	10	17
Central Division			
Atlanta	11	6	29
Chicago	9	8	23
Cleveland	8	9	23
Indiana	7	10	17
WESTERN CONFERENCE			
Midwest Division			
Denver	9	8	23
Kansas City	8	9	23
Utah	7	10	17
Houston	6	11	17
San Antonio	4	13	7
Pacific Division			
Los Angeles	12	4	29

NHL Standings

WALEY CONFERENCE			
Patrick Division			
NY Islanders	16	5	33
NY Rangers	14	9	31
Philadelphia	14	8	31
Washington	11	12	23
Pittsburgh	10	13	23
New Jersey	9	14	17
Campbell Division			
Buffalo	14	8	31
Boston	14	9	31
Calgary	11	12	23
Montreal	11	12	23
Hartford	9	14	17

Schools Put the Student Back in Student-Athlete

By Ira Berkow
New York Times Service

NEW YORK — The questions "Why can't Johnny read?" and "Why can't Johnny write?" are not new, but the question "Why can't Johnny play football?" is.
That last question, or concern, is actually a matter of why Johnny isn't allowed to play football.
The answer is, because he can't read or write. Or won't. At least in Jersey City, New Jersey.
The Jersey City school board, in an effort to improve a deteriorating academic situation, tightened standards last summer for students participating in extracurricular activities in Grades 4 through 12.
One of the consequences came about last month, after the first marking period this semester, when three Jersey City high schools — Snyder, Dickinson and Lincoln — had to cancel football games. Snyder was to have played in a northern state regional playoff, and the two other schools were to have met in a season-ending city-league game. But all three squads were depleted because half or nearly half the players had failed to make sufficient grades in the classroom.
Two things are unusual about the above: First, the cancellation of

a football game because of a squad depleted by the ineptitude of forward scholars; second, the notion that football is an extracurricular activity.
Unlike other extracurricular pursuits, such as band or drama or student government, football is often treated in many parts of the country as if it bears greater significance, along the lines of life and death.
Under the new requirements, Jersey City students must have a C average and no failing grades in any courses to take part in extracurricular activities.
"We've had a decline in education in Jersey City for some 15 to 20 years," said Aaron Schulman, the president of the Jersey City school board. "And the Board of Education decided we had to put a stop to it. For too long athletes have been pushed through the system without getting an education. They've been exploited."
Why have they been exploited? Because, among other reasons, the national mythology in many instances has equated muscular prowess with divinity. Later, if they reach the college level, these gifted specimens are used to generate substantial sums of money.

Attention in the media is centered early on the athletes.
"They are made to feel different from other students, even at the high school level," said Michael Ross, the superintendent of public schools in Jersey City.
"But then too many of the athletes leave school without the basic skills to make it in life after football," said Ross. "That's exploitation."
The kind of students he seems to be referring to are the kind of athletes who, at minimum, are capable of learning the plays in football.
And what about the argument that stiffer requirements will discourage students who are athletes from continuing in school?
"It's a realistic problem," said Ross, "except if kids go to school strictly to play games, then that's twisting the purpose of kids' coming to school at all. It's a good idea to use athletics as an inducement to education, but there is also an obligation while there; that is, to take your studies seriously."
The action taken by the Jersey City school board appears part of the evolving concern about academics and athletics in high schools and colleges. Less than a year ago, the National Collegiate Athletic Association, dealing with academic

difficulties among member schools, instituted rules that required of incoming athletes a minimum score on college-entrance examinations and upgraded high-school course requirements.
One of those directly affected by the Jersey City ruling is Malcolm Christie, a 17-year-old, 6-foot-7-inch, 285-pound tackle for Dickinson.
Christie, who is black, was declared ineligible to play football because he had flunked English. He has been a B student, usually does well in English and is also president of the senior class. He is an outstanding athlete and, he says, has scholarship offers from numerous schools, including Notre Dame, UCLA and Syracuse.
"I feel the stiffer requirements in high school here are necessary," he said. "Failing English was totally my fault. I'm not going to use an excuse like the teacher didn't like me. And it's not that I couldn't do the work. I just didn't give it the proper study time. I think it's the same with most of the guys who didn't pass."
"We just can't be dumb jocks. I get tired of seeing black athletes coming out of school and they can't do anything."

Bitten by Bullets, Jones Finds Respect in Boston

By David DuPree
Washington Post Service

WASHINGTON — When K.C. Jones was fired as the Washington Bullets' coach after the 1976 season, there were countless questions. How could a man who had won 13 percent of his games in three years, whose team had gone to the National Basketball Association finals the previous season, who had the respect of his players and of coaches throughout the league lose his job so suddenly?
Further, how could a man go so long without getting another chance, until Red Auerbach chose him at the end of the 1982-83 season to be the new head coach of the Boston Celtics?
For years, Jones asked himself the same questions. He will also tell you that his life fell apart for several years because of what happened in Washington and because he could not get a second chance. And that he once gave up hope that he would ever be a head coach in the NBA again.
"I thought I was going to be coach of the Bullets for the rest of my life," said Jones. "I guess I was naive. I'm carrying my 'For Sale' sign with me now because getting fired is a reality. It's something that's going to happen to every coach. I learned that the hard way."
Jones thought his record (155-73) would be good enough to get him another head job quickly — only Billy Cunningham of the Philadelphia 76ers (344-142 for 71 percent) has a better record among active coaches — so he waited.
Outwardly, Jones seemed to be the same easygoing person he had always been. Inwardly, he came apart. A large part of his peace of mind and much of his self-respect, "K.C. is the only person I know who proves that nice guys can make it in this world, if you stick in here and stand by what you believe," said Bernie Bickerstaff, longtime friend and Bullets' assistant coach. Jones brought Bickerstaff to the Bullets as his assistant in 1973.
It was the third game of the 1975 NBA championship series finals between the Golden State Warriors and the Bullets. Washington was down, two games to none, and losing badly again.
During a timeout, the television



Bill Fitch

Bill Fitch was never popular with his players; he drove them hard, he was vocal and he often was extremely critical. K.C. Jones is the opposite.



K.C. Jones

Typically, he never complained, but he also kept waiting for a chance to be a head coach again. "Finally, three years ago, I just gave up," said Jones. "I never made any inquiries. They all knew my record. If they wanted me, they would have called."
Jones will not specifically say he was not hired because no one wanted a black coach, but he said he has thought about it. "There has to be a reason and that's one of the obvious possibilities," he said.
"I had a job as an assistant and I was putting food on the table, so I said, 'Why keep killing yourself? It just isn't worth it. You aren't going to get another chance, so stop thinking about it and start enjoying life again.'"
The Celtics enjoyed a fine regular season last year, but were eliminated from the Eastern Conference semifinals by the Milwaukee Bucks in four straight. Soon after, owner Harry Mangurian sold the team and Fitch quit, taking the Houston Rockets job.
Shortly thereafter, Auerbach asked Jones if he was interested in the job.
"Why did Auerbach hire Jones?" "K.C. is a Celtic. It's in his blood," he said. "He was the best guy for the job."
The "K" and the "C" stand for nothing, really, simply a name that was handed down from his grandfather to his father and then to K.C. Jones. That's the way everything has always been with Jones. What you see is what you get.
"He lives by the simple philosophy of if you give respect, you will get respect in return," said Celtics guard M.L. (Michael Leon) Carr. "He treats everyone on the same level — kids, fans, bus drivers and his players; he gives them all the respect. As a result, everyone wants to see him do well, and guys on the team want to do well for him."
Fitch was never popular with his players, nor was he close to many of them. He drove them hard, he

Oil and Money in the Eighties

AN INTERNATIONAL HERALD TRIBUNE/OIL DAILY CONFERENCE
PARK LANE HOTEL, LONDON, DECEMBER 8 AND 9, 1983

"The global impact of shifting markets" will be the theme of the fourth annual International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties."
The conference will focus this year on what caused the radical shift in the oil market in recent years and what the implications of the turnaround are for the future.

DECEMBER 8
KEYNOTE ADDRESS
Donald Model, United States Secretary of Energy
U.S. ENERGY: THE NEXT TEN YEARS
John Lichtblau, Executive Director, Petroleum Industry Research Foundation, New York
STRUCTURAL VERSUS CYCLICAL CHANGE IN THE OIL MARKET
Moderator: Herman Franssen, Chief Economist, International Energy Agency, Paris
Robert Mabro, Director, Oxford Institute for Energy Studies
Arie de Geus, Coordinator of Planning, Shell International Petroleum Company Limited, London
William Finger, Coordinator of Energy Analysis, Exxon Company, Houston
ARAB BANKING'S ROLE IN OPEC COUNTRIES' INVESTMENT STRATEGIES
Abdulla A. Saudi, President and Chief Executive, Arab Banking Corporation, Bahrain
CORPORATE THINKING ON THE ENERGY INVESTMENT OUTLOOK
Robert Anderson, Chairman, Atlantic Richfield Corporation, Los Angeles
Francois Didier, Senior Vice President, Strategic Planning, Elf Aquitaine, Paris
NORTH SEA INVESTMENT OUTLOOK
G. Malcolm Ford, Joint Managing Director, Britoil Plc, Glasgow

DECEMBER 9
THE ROLE OF THE WORLD BANK IN WORLD ENERGY DEVELOPMENT IN THE EIGHTIES
Yves Rovani, Vice-President, Energy, The World Bank, Washington, D.C.
THE OIL FUTURES MARKET
Robin Woodhead, Chairman, International Petroleum Exchange, London, and Managing Director, Premier Man Group
Karlsten Matheson, Head of the Oil Committee, Chicago Board of Trade
THE SINO-SOVIET OIL OUTLOOK
Professor Arthur Meyerhoff, Independent Oil Producer and Geologist
LIVING WITH OPEC
James Aldins, Former U.S. Ambassador to Saudi Arabia
OPEC IN THE EIGHTIES
Alfons Parra, Director, Petroleos de Venezuela (U.K.) S.A., London
THE IMPACT OF DOWNSTREAM INVESTMENT AND PRODUCT SALES IN EUROPE BY THE PRODUCING COUNTRIES
Moderator: Nicolas G. Volite, Oil Consultant, London and The Hague
Erwin Spiller, Managing Director, Fretail, Paris
John Matthey, Chairman, The Barmah Oil Co. Plc, London
Charles de Bièvre, Director, Banque Arabe Internationale d'Investissements, Paris

REGISTRATION INFORMATION
The participation fee is \$475 or the equivalent in an alternative currency for each participant. Fees are payable in advance, and will be returned in full for any cancellation that is postmarked on or before November 19.
Please return the conference registration form to: The International Herald Tribune, Conference Office, 181 Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France. Or telephone: (33-1) 747.12.65. Telex: 612832.

CONFERENCE LOCATION
Park Lane Hotel, Piccadilly, London W1Y 8BX, England. Tel. (44-1) 499 6321. Telex: 21533. Contact: Ms. Henderson.
A block of rooms has been reserved for conference participants. For further information, please contact the hotel directly.

CONFERENCE REGISTRATION FORM
Please enroll the following participant for the Energy conference, December 8 and 9, 1983.

<input type="checkbox"/> Check enclosed	<input type="checkbox"/> Please invoice
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Transition

FOOTBALL
Nathan Football League
GREEN BAY — Signed James Lofton, wide receiver, in a five-year contract, Arrowhead "old man" Douglas, head coach, has been named head coach.
MIAMI — Carl Larry Evans, wide receiver, SNHU — Coach — Added Derius Dornier, defensive back, to his roster.

COLLEGE
ARKANSAS — Assistant coach Don Lind, defensive coordinator, Rich Olson, defensive backs coach, and Harvey Heston, offensive line coach, have left the football team.

Saint Laurent Fever

ceremony was the British poet Stephen Spender, who received the citizenship.

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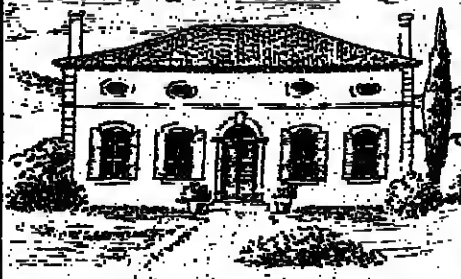
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